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al Studies Curriculum

GENERAL EDITOR EDWIN FENTON



TEACHER'S GUIDE FOR
*Comparative
Economic Systems*
An Inquiry Approach



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TEACHER'S GUIDE FOR

***Comparative
Economic
Systems
An Inquiry Approach***

Holt Social Studies Curriculum

GENERAL EDITOR

EDWIN FENTON

TEACHER'S GUIDE FOR

***Comparative
Economic
Systems
An Inquiry Approach***

GEORGIA E. SCHNEIDER

Pittsburgh Public Schools

Holt, Rinehart and Winston, Inc.

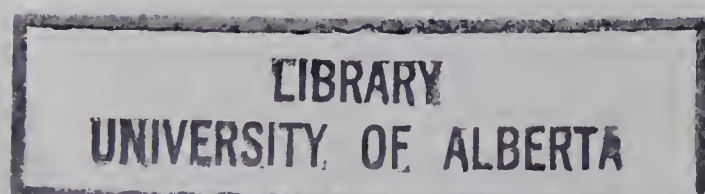
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To the Teacher

Background

In 1958, Carnegie Institute of Technology and the Public Schools of Pittsburgh began working together on new ways to teach the social studies. With the program well under way, the Carnegie Social Studies Curriculum Development Center was established in 1963 and supported with funds from the United States Office of Education. The Curriculum Center was established to write and test an entirely new program for able high school students. Teams of writers and teachers from Carnegie and the public schools developed materials, tried them out in classrooms, revised them, and tried them again.

In 1966, members of this team contracted with Holt, Rinehart and Winston, Inc., to develop fresh versions of their materials for both able and average high school students. The result of the team's efforts is the Holt Social Studies Curriculum.

Curriculum Objectives

The overall objective of this curriculum is to help the student become an independent thinker and a responsible citizen. This general objective can be subdivided into four parts: inquiry skills, attitudes, values, and knowledge.

Inquiry Skills

Like a professional historian or social scientist, a good citizen needs inquiry skills with which he can separate truth from falsehood. For this curriculum, the authors have identified six steps in a method of inquiry for the social studies:

1. Recognizing a problem from data
2. Formulating a hypothesis
 - Asking analytical questions
 - Stating a hypothesis
 - Remaining aware that a hypothesis is tentative

3. Recognizing the logical implications of a hypothesis

4. Gathering data

Deciding what data will be needed to test a hypothesis

Selecting or rejecting sources on the basis of their relevance to the hypothesis

5. Analyzing, evaluating, and interpreting data

Selecting relevant data from the sources

Evaluating the sources

Determining the frame of reference of the author of a source

Determining the accuracy of statements of fact

Interpreting the data

6. Evaluating the hypothesis in light of the data

Modifying the hypothesis, if necessary

Rejecting a logical implication unsupported by data

Restating the hypothesis

Stating a generalization

Some of the lessons in this curriculum teach this method of inquiry directly and test how well students have mastered it. Many other lessons teach steps in the method as a secondary aim. Students who master these steps will have a disciplined method of approaching social, economic, and political questions. They will be equipped to learn independently in a world where the total of mankind's knowledge doubles every decade.

The entire curriculum focuses sharply on the problem of teaching students to develop hypotheses which scholars would recognize as useful for analyzing society. Hypotheses result from asking questions. As a person matures, the questions he asks will change. The Holt Social Studies Curriculum tries to give students a base from which to start. This base consists of important social science concepts.

For example, in the Comparative Economic Systems course the student is taught concepts that he may use to examine any economic system. Among these are values and goals, scarcity and choices, resources, institutions, price, distribution, and production. These concepts imply analytical questions which the student can use to develop hypotheses. A student who learns about a concept like resources learns to ask about the interrelationships of natural, human, and capital resources in the production of goods and services. The student who learns concepts and analytical questions and uses them to develop hypotheses is on his way to becoming an independent thinker.

Attitudes

The good citizen wants to participate actively in public life. He wants to hear all sides of a debate and make up his mind about an issue through reasoned investigation, not through reliance on authority or prejudice. The Holt Social Studies Curriculum fosters such attitudes by requiring students to join in class discussion and by encouraging them to use a scientific method of inquiry.

Values

The good citizen also has a set of values consistent with a democratic creed. The Holt Social Studies Curriculum presents controversial issues which challenge the student's values and which encourage him to reflect upon his values and to resolve value conflicts in the light of evidence. The goal is to have each student refine his values, not to achieve consensus. If a student emerges from the curriculum with the same values he held at the beginning of his study, he still will have learned how to support his values more intelligently. If, on the other hand, he finds that some of the values he has held have failed to pass the test of evidence, he can abandon them for others. In either case, he will gain a better knowledge of himself and of the world around him.

Knowledge

Four objectives governed the selection of content throughout the curriculum. First, the development team chose material which helps students to learn a conceptual scheme from the social sciences which is essential to a method of inquiry. Second, they chose material that fills the needs and touches the interests of American students in the last half of the twentieth century. Third, they chose problems in the past, such as economic growth in eighteenth-century Britain or the history of the Negro in the United States, which illuminate such contemporary problems as the needs of underdeveloped countries or racial tensions. Finally, they tried to present a body of knowledge that will help students to read books intelligently, to view museum exhibits with understanding, and to participate fully in the rich cultural life of a democracy.

The Cumulative Sequence

Each course in the Holt Social Studies Curriculum is self-contained. But taken in sequence, the courses permit the student to build on what he has already learned. This course in Comparative Economic Systems, for example, may be used to introduce the entire curriculum, may follow Comparative Political Systems, or to replace traditional economics courses which have been taught in the eleventh or twelfth grades. The course presupposes no specific knowledge of economics on the part of the student.

Teaching Strategies

Because the objectives of this curriculum are diverse, the teaching strategies range from "pure" exposition to "pure" discovery. The lesson plans provided in the teacher's guides sometimes suggest that the teacher tell students something, or play a phonograph record to convey information. At other times,

lesson plans suggest recitation to check on homework assignments. Expository techniques still seem the most efficient way to provide students with the factual information they must learn.

Expository techniques, however, do not work well for other objectives. To find out how well students have mastered a method of inquiry, the teacher may assign independent research papers; or he may ask students to work on a discovery exercise, in which the students interpret new material on their own.

Between these two extremes of exposition and discovery lies directed discussion, in which the teacher gives cues in the form of questions. This technique is probably the most useful for teaching students to use concepts in forming hypotheses, for teaching them how to test a generalization, for encouraging reliance on scientific reasoning, and for teaching students to justify a value intelligently.

Materials

Because of the curriculum's wide range of objectives and teaching strategies, it uses a wide variety of materials. Each course in the curriculum is built around a series of lessons, or readings. Each lesson, or reading, contains at least one article or piece of source material, preceded by an introduction linking it to other readings and by study questions alerting students to key issues raised by the material. Some of the articles are expository. Other readings are built around a biography of a typical person from a particular period, a set of statistical tables from which generalizations can be drawn, or government documents.

In the text for the Comparative Economic Systems course, there are sixty readings. Most students are able to study one reading for each night's homework assignment. Because most classes meet from seventy-five to eighty-five times a semester and there are only sixty readings, there will be days when no readings are assigned. The teacher will no doubt find a variety of things he wishes to do on those days. He may wish to give tests, to assign supplementary reading, to analyze the local economy or current economic events, to hold individual conferences, or to do any number of other things that give him the opportunity to emphasize what he thinks is most important for his own class.

Frequently, the reading the student does as homework in preparation for class discussion is supplemented by an audio-visual presentation or by a class handout—a duplicated page or two of information used to focus class discussion. An audio-visual kit is part of each course in the Holt Social Studies Curriculum. Each kit contains one or two phonograph records, single-concept filmstrips, transparencies for the overhead projector, and spirit masters for the class handouts. Audio-visual materials are used only when they can do a better job of making a particular point than the printed page.

Pupil Deployment

The materials provided for each course can easily be adapted to many deployment patterns. For example, in the Comparative Economic Systems course, the teacher can show commercially produced films to supplement the courses. Or, the teacher can assign independent work in a materials center or library. Such independent work may be based on the supplementary readings that are suggested at the end of each unit in the text. The teacher may also encourage students to review the filmstrips or recordings in a materials center after they have been discussed in class. There is a great deal of room for the teacher to experiment on his own.

Maximum Teacher Aids

Teacher's Guides

An extensive teacher's guide accompanies each volume of the Holt Social Studies Curriculum. This teacher's guide for Comparative Economic Systems contains a suggested lesson plan for each of the sixty readings. Each plan shows one tested teaching strategy for the day's work. Each lesson plan appears on two facing pages so that it can lie flat on a desk. The plans begin with a statement of the knowledge and method of inquiry objectives and a listing of the material to be used for that lesson. Then, the lesson plan is printed in two columns. The left-hand column gives teaching suggestions—discussion questions, instructions for using the audio-visual materials, and so on. The right-hand column gives possible responses from the students.

The lesson plans are designed to help, not to restrict the teacher. Each teacher should examine the lesson plans carefully to adapt them to his own objectives. Teachers who set different objectives for their students on any specified day will probably wish to change the teaching strategy accordingly.

Testing Programs

Testing programs are being developed for all of the courses in the Holt Social Studies Curriculum. The test booklet for the Comparative Economic Systems course provides an examination for each of the first six units in the text. Each examination consists of ten multiple-choice questions and four short essay questions. The multiple-choice questions stress knowledge of content and, secondarily, ability to use inquiry skills. The essay questions help the teacher to assess knowledge, skills, and ability to present ideas in written form. Each teacher should decide which essay questions and how many essay questions to assign for each examination. Some teachers may choose only one; others may permit free choice among the four; still others may assign two, three, or four of the essays depending on the ability of the student and the objectives the teacher wishes to stress.

The final examination contains twenty-five objective questions and four

essay questions. Again, each teacher should decide which of the essays are appropriate for his individual classes.

The answer key for the objective questions appears on page 173 of this *Teacher's Guide*. The developers of the testing program suggest that teachers use care in assigning letter grades to the scores made on these examinations. Many of the questions are difficult. In some classes, the best students may get only seven or eight correct out of ten. Hence assigning letter grades arbitrarily (90 per cent to earn an A, 80 per cent to earn a B, etc.) is not appropriate.

Each test is designed to supply one set of evaluations of student achievement. Teachers may wish to write additional examinations for their students, particularly for the longer units. They may also wish to count classroom response and participation as an additional measure of student achievement. Class work, in fact, represents the only measure of attitudes which is available to teachers of this course.

Supplementary Reading for Teachers

Teachers who are not thoroughly versed in the principles of the new social studies or in contemporary writings in economics may find all or some of the following materials useful as they teach the Comparative Economic Systems course.

On new approaches to social studies education

FENTON, EDWIN, *The New Social Studies*. New York: Holt, Rinehart and Winston, Inc., 1967. This 134-page paperback describes the principles of the new social studies, analyzes the philosophy on which these principles are based, and describes the work of the social studies curriculum reform projects.

FENTON, EDWIN, *Teaching the New Social Studies in Secondary Schools: An Inductive Approach*. New York: Holt, Rinehart and Winston, Inc., 1966. Intended for use in a methods course, this 514-page volume contains readings by many of the leaders in social studies curriculum reform.

On comparative economics

BACH, GEORGE LELAND, *Economics: An Introduction to Analysis and Policy*, 5th edition, Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1966. This excellent and up-to-date college text can serve as a reference on the American economy. Chapter 44 contains an introduction to comparative economics.

CAMPBELL, ROBERT W., *Soviet Economic Power*, 2nd edition, Boston: Houghton Mifflin Company, 1966. This 184-page paperback concisely explains the workings of the Soviet Union's command economy.

SAMUELSON, PAUL A., *Economics: An Introductory Analysis*, 7th edition, New York: McGraw-Hill, Inc., 1967. This is another first-rate college text, which can serve as a convenient reference on the American economy.

Supplementary Reading for Students

All of the supplementary readings suggested at the end of each unit in the text are taken from the paperback books and pamphlets listed below. They have been arranged alphabetically by publisher to make ordering easier. In several cases, we suggest that you order more than one copy of a book or pamphlet which may receive heavy use. Prices (subject to change without notice) have been included; the cost of the entire list is approximately \$25. Teachers who have used the Holt Social Studies Curriculum course in Comparative Political Systems may already have enough copies of the volumes by Lisitzky and by Rieber and Nelson in their libraries.

Berkley Publishing Corporation
15 East 26th Street
New York, New York 10010

HARRY SCHWARTZ, editor, *The Many Faces of Communism* (1962), \$.50
(3 copies)

Committee for Economic Development
711 Fifth Avenue
New York, New York 10022

An Adaptive Program for Agriculture (1962), \$1.00

Raising Low Incomes Through Improved Education (1965), \$.75

Bureau of Business and Economic Research
Phillips Hall
The University of Iowa
Iowa City, Iowa 52240

LEWIS E. WAGNER, *What Are Economic Problems?* (1966 reprint), \$1.00

Federal Reserve Bank of New York
Public Information Department
33 Liberty Street
New York, New York 10045

Money: Master or Servant (3rd edition 1966), free (2 copies)

The Story of Checks, free (2 copies)

Federal Reserve Bank of Philadelphia
Publications Division
Philadelphia, Pennsylvania 19101

Series for Economic Education, free (2 copies of each)

Automation

Inflation and/or Unemployment

The Mystery of Economic Growth

The National Debt

The New Poverty

The Price System

Unemployment in Prosperity: Why?

Good Reading Rack Service Division
Koster-Dana Corporation
505 Eighth Avenue
New York, New York 10001

Inside the Modern Corporation, \$.35

The Industrial Relations Center
The University of Chicago
Chicago, Illinois 60637

Basic Economics Series

Capital Key to Progress (1952), \$.50

Competitive Prices in Action (1958), \$.50

Profits at Work (1961), \$.50

New American Library
1301 Sixth Avenue
New York, New York 10019

ROBERT THEOBALD, *The Rich and the Poor* (1961), \$.60, (3 copies)

Oxford Book Company
71 Fifth Avenue
New York, New York 10003

Oxford Social Studies Pamphlets

ROBERT G. DUNBAR, *The Farmer and the American Way* (1956), \$.65

EDWARD L. KOREY, "Business in a Changing World," *Business and the American Way* (1961), \$.65

Scott, Foresman and Company
1900 East Lake Avenue
Glenview, Illinois 60025

Studies in Economic Issues

MARION DAUGHERTY, *Understanding Economic Growth* (1961), \$1.20

LAWRENCE SENESH and BARBARA WARNE NEWELL, *Our Labor Force* (1961), \$1.00

ALFRED J. RIEBER and ROBERT C. NELSON, editors, *The USSR and Communism: Source Readings and Interpretations* (1964), \$3.00 (2 copies)

Simon and Schuster, Inc.
630 Fifth Avenue
New York, New York 10020

ROBERT L. HEILBRONER, *The Worldly Philosophers* (3rd edition, 1967), \$1.75 (2 copies)

The Viking Press
625 Madison Avenue
New York, New York 10022

GENE LISITZKY, *Four Ways of Being Human* (1962), \$1.45 (3 copies)

An Invitation

The authors and editors invite comments and criticism about the texts, audio-visual materials, test booklets, and teacher's guides from teachers who use the Holt Social Studies Curriculum. Comments will be studied carefully, particularly when revised editions are being considered. Please send your comments to:

Edwin Fenton, General Editor
Holt Social Studies Curriculum
Holt, Rinehart and Winston, Inc.
383 Madison Avenue
New York, New York 10017

Unit One

Introduction to Comparative Economic Systems

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know that the major purpose of the course is to develop skill in analyzing and comparing economic systems
- B. To know the purpose of an economic system and the three central problems which confront every economic system
- C. To know that values have a profound influence on economic systems
- D. To know the three major types of economic systems
- E. To know the main features of a traditional economic system

Method of Inquiry Objectives

- A. To be able to recognize explicit and implicit values
- B. To be able to analyze narrative material
- C. To be able to use a spectrum

Attitude and Value Objectives

- A. To be willing to consider a variety of viewpoints
- B. To develop a willingness to use data as a source of questions
- C. To be willing to accept the idea that, in economics, relative differences are often more significant than absolute differences

Chapter 1 Values and Economics

1 What Difference Do Values Make?

Knowledge Objectives

- A. To know the meaning of three important terms: *economics*, *value*, and *resources*
- B. To know that economic policy involves the necessity to make choices
- C. To know that economic choices must be made because there are never enough resources to satisfy all wants
- D. To know that economic decisions are made on the basis of values

Method of Inquiry Objectives

- A. To recognize that values are often implicit
- B. To know that values may influence economic decisions
- C. To develop skill in predicting the continuation of a trend

Materials

Reading 1

Class Handout 1, Spending a \$100 bequest (handout master in A-V kit; facsimile on *Guide* p.136)

Transparency 1, Choices for the three historical figures (book of transparencies in A-V kit; facsimile on *Guide* p. 137)

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- | | |
|--|---|
| ► What are your personal resources? | Ask a student to list his resources. Other students and the teacher may add to the list to illustrate that resources may include such things as time, talent, beauty, and skill, as well as money and property. |
| ► What do we mean by “economics”? Have a student read the definition of economics (p. 2). | Elicit the definition of economics as a study of how man uses his resources. |
| ► DISTRIBUTE HANDOUT 1. Why can’t you have everything on the list? Why must your choices be limited? | Students should realize that \$100 will not cover all the items and that resources are smaller than desires. |
| ► Instruct students to make their choices in two or three minutes on the handout. | |
| ► Ask one or two students to report their choices. | As students give their preferences, try to obtain an explicit statement of the values underlying their choices. |

- What do we mean when we say “value”?
Encourage discussion on this point to understand that the term “value” is used to compare the worth of something with something else.

- CLASS PROJECT. Have class count off until each student is assigned to represent Messrs. A., B., or C., as indicated in the reading. *Make it clear that each student is to respond as the man he is representing would respond.*
Allow two or three minutes for students to reread the statement (pp. 4-5 of Reading 1) by the person each is to represent.

- PROJECT TRANSPARENCY 1 and reveal only Case 1.
Ask representatives of Messrs. A., B., and C. to express their views of the case. Encourage students to express underlying values which influence their opinions.

- REVEAL CASE 2.
Follow same procedure as above.

- REVEAL CASE 3.
Follow same procedure.

- Why might Messrs. A., B., or C. in each case take the point of view you suggested he would?
Encourage discussion to emphasize that decisions are guided by values.

- *Note:* At the *end* of the lesson, you might reveal to the students that Mr. A. was Benjamin Franklin, Mr. B. was Karl Marx, and Mr. C. was Mahatma Gandhi.

2 The Kwakiutl's Values

Knowledge Objectives

- A. To know that the Kwakiutl accumulated wealth for the purpose of destroying it or giving it away
- B. To know that property was destroyed or given away to support the underlying values of tradition and prestige
- C. To know that the effect of Kwakiutl economic and value systems was to discourage economic growth
- D. To know that societies with similar values may use different means to achieve their goals

Method of Inquiry Objectives

- A. To be able to interpret descriptive data
- B. To become aware that the values of any society influence its economic choices

Materials

Reading 2

Transparency 2, Values, means, and economic growth (book of transparencies in A-V kit; facsimile on *Guide* p. 137)

► What does the term “traditional society” mean?	Encourage discussion toward the point that people in traditional societies do things the way their fathers did them.
► Why do some societies change slowly? Why do they experience little economic growth?	Students should point out that there is no incentive to change. People like what they have. Not changing is a value.
► Why do some societies change rapidly and concentrate on economic growth?	Students should point out that in some societies change and growth are values.
► Why was prestige or rank valued so highly in Kwakiutl society?	Students should be encouraged to see that it made the Kwakiutl feel good and proud, and was a traditional value.
► Do we value prestige or high rank in our society?	Encourage discussion to the point that many people do.
► What happens to a person who loses “face” or status? How do you feel when your grades drop? What did it mean to the Kwakiutl?	Encourage students to give examples of loss of rank or “face” and to indicate that loss of “face” meant much more to the Kwakiutl because status was his central value.

► How did the Kwakiutl gain status?

► Do we use any comparable techniques to gain status?

► Do we use other ways to enhance our prestige?

► PROJECT TRANSPARENCY 2. Review main points in a few minutes using the transparency. As students make suggestions, fill in the space opposite VALUES:

<u>Kwakiutl</u>	<u>U.S.</u>
Prestige	Prestige
Tradition	Change
etc.	etc.

► What means do Kwakiutls use and what means do we use to achieve prestige? As students make suggestions, write in the space opposite MEANS:

<u>Kwakiutl</u>	<u>U.S.</u>
Destroy property	Accumulate property
	Sometimes destroy property

► What effects do the differences in values and means have on economic growth? As students make suggestions, fill in the space opposite ECONOMIC GROWTH:

<u>Kwakiutl</u>	<u>U.S.</u>
Negative	Positive

► What does this chart illustrate?

Students should refer to the reading to find that the Kwakiutl gained status by accumulating property and destroying or giving it away.

Encourage discussion toward the point that sometimes we do. Examples might be changing styles in clothing or buying new automobiles every few years.

Students should point out that we accumulate wealth, run for public office, move to better neighborhoods, etc.

Ask students to suggest how the chart should be completed. They should indicate that both societies value prestige. The Kwakiutls value tradition; we value change.

Students should indicate that Kwakiutls destroy property. We sometimes destroy property, but primarily we accumulate it.

Encourage discussion toward the point that the Kwakiutls have little or no growth, whereas we have a great deal. We accumulate to be able to accumulate more; the Kwakiutls give away or destroy as they accumulate.

Students should come to two conclusions: Different societies have different values; and the same value held in different societies may result in different customs.

3 The American's Values

Knowledge Objectives

- A. To know that values underlie our government's economic decisions
- B. To know that disagreements about economic policies are often based on differences in values
- C. To know that values are at times explicit and at times implicit

Method of Inquiry Objectives

- A. To be able to analyze a document to find the explicit and implicit values expressed
- B. To be able to recognize implicit values
- C. To be able to use evidence to support a statement

Materials

Reading 3

► Look at the first paragraph of President Johnson's report. What values are expressed? Are they explicit or implicit?

► What are some other values revealed in the report? Are these values implicit or explicit? Begin to make a list on the chalkboard.

► The teacher may suggest where students might look for values. See Johnson's views on:

- unemployment (p. 10)
- the role of businessmen in the economy (pp. 9, 11)
- national defense (p. 10)
- inflation (pp. 9-11)
- higher incomes (p. 10)
- discrimination (p. 10)
- education and training (p. 10)
- conservation of national resources (p. 10)
- class conflict (p. 11)

Students should cite prosperity and economic growth as explicit values. An implicit value, expressed in the phrase "with sound policy measures," is that government should participate in the economy to help achieve prosperity and growth.

Encourage students to support statements about Johnson's values, using passages from the lesson as evidence. They should indicate whether a value is stated implicitly or explicitly.

Allow discussion and illustration until the point seems understood that some values are stated explicitly and others are implied.

► Is there any economic policy suggested by Johnson that is not influenced by values?

► Can you detect values in the President's report that may be in conflict with each other?

► How widely accepted are President Johnson's values in the United States? Name several of his values with which the great majority of Americans would agree. Name several that are more controversial.

► Which of Johnson's values appeal to you? Which do you dislike? Why?

Students should conclude that all the economic policies suggested by Johnson rest on values.

Students may suggest that valuing private enterprise may conflict with valuing government as a regulator of the economy, or that valuing security (national defense) may conflict with valuing better education, since each could require a larger proportion of the same tax dollar.

Students might point out, for example, that the goals of prosperity and economic growth are shared by most Americans, while there is much disagreement over such matters as the proper role of government in the economy.

Elicit reactions and aim toward the conclusion that we react to another's values in terms of our own values.

4 The Russian's Values

Knowledge Objectives

- A. To know that in the Soviet Union values determine economic choices
- B. To know that there are many similarities between the economic value systems of Russians and Americans
- C. To know that economic decisions are made on the basis of values
- D. To know that different means may be used to achieve the same goal

Method of Inquiry Objectives

- A. To make generalizations based on data from a number of sources
- B. To learn to use evidence in support of a statement
- C. To detect similarities in seemingly diverse data

Materials

Reading 4

► What evidence do you have that the reading for today represents the Soviet nation's values and the values of the Communist party?

► In discussing values in the United States in Reading 3, we saw that values could be explicit or implicit. Is the same true in the statement from the Soviet Union? Give examples.

► It was seen that values underlie much of the economic policy in the United States and in the society of the Kwakiutls. Is this true in the Soviet Union? Cite examples from the lesson.

► Do Russian values and American values have points in common?

Students should note that it was a report on the Communist Party Congress published by the Soviet government.

Allow discussion and illustration from the text until the point is clear that Soviet values are both explicitly stated and implied.

Students may indicate that the value of working people being happy underlies the policy for increase in public consumption funds, medical services, and the planned increase in real income. They may also realize that public services in the Soviet Union were more limited in the past because of emphasis on developing heavy industry. Encourage discussion to stress the role of values in all three societies.

Students should be able to see values that are common to both societies, such as high productivity, high standard of living, and good health and education.

► Give examples of instances where Russians and Americans disagree on means to achieve the same goals.

► Does using different means to achieve the same goals remind you of anything in earlier lessons?

► Do Russians value economic growth? How does that value fit in with the Soviet values we have already discussed?

► If time remains, use some of the following questions to stimulate review of the entire chapter:

► How might a Russian view a potlatch ceremony? How might a Kwakiutl view President Johnson's emphasis on economic growth? How might an American view a Russian's emphasis on free medical care? How might a Kwakiutl regard an American's pleasure in making a large donation to charity? How might a Russian view it? How might an American view the value a Kwakiutl places on nobility and titles?

Encourage students to discuss points of conflict, such as the role of government in achieving goals.

The Kwakiutls and Americans shared some goals, but used different means to achieve them. Use this question to evaluate what students have learned.

Students should respond that Russians implicitly value economic growth. Economic growth is needed to pay for the rising standard of living which Russians also value.

These questions are designed to re-emphasize the point that each society judges other customs and systems from the point of view of its own value system. To summarize, try to get students to express this point.

Chapter 2 *The Economic Problem*

5 What, How, and For Whom

Knowledge Objectives

- A. To know that the basic economic problem is scarcity
- B. To know that the cost of doing any one thing must be measured in comparison to other things that might have been done instead
- C. To know that every society has to decide what goods and services to produce, how to produce those goods and services, and for whom to produce them

Method of Inquiry Objective

To be able to apply principles derived from one source to a variety of data

Materials

Reading 5

Transparency 5, The problem of scarcity (book of transparencies in A-V kit; facsimile on *Guide* p. 138)

Class Handout 2, Scarcity and choices (handout master in A-V kit; facsimile on *Guide* p. 138)

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- | | |
|---|---|
| <p>► “What, How, and For Whom” is the title of your reading. What do these questions refer to?</p> <p>► Why must every society answer these questions?</p> <p>► PROJECT TRANSPARENCY 5. Ask, What does the diagram show?</p> <p>► Let’s examine the implications of scarcity and choices. What do these quotations refer to?
 “Beat their swords into plowshares.”
 “Guns or butter?”</p> <p>► Why not “swords <i>and</i> plowshares,” or “guns <i>and</i> butter”?</p> | <p>Encourage students to state the questions fully to test their understanding.</p> <p>Students should see that every society must answer these questions because every society faces the problem of scarcity. Because of scarcity, choices must be made.</p> <p>Students should be encouraged to analyze the diagram, concentrating on the basic questions which all economic systems must solve.</p> <p>Students should understand that these famous quotations can refer to choices compelled by the fact of scarcity.</p> <p>Students should see that while a society may produce both weapons and a high standard of living, its production of one will limit its capacity to produce the other.</p> |
|---|---|

► Now let's discuss the reading. What choices did Robinson Crusoe have to make?

► What did it cost Robinson Crusoe to build a shelter?

► What did it cost you to come to class?

► **DISTRIBUTE HANDOUT 2.** Divide the class into four or five groups. Have each group discuss the issue on the handout and arrive at a decision. Then call for reports.

► If time permits, introduce a number of current national issues and ask students to discuss their costs. These may include:

The war in Vietnam
Foreign aid
Project Head Start
Aid to cities
The space program

Students may suggest a number of alternative things Crusoe could have done with his time, energy, and resources.

Students should see that it cost him the time, energy, and resources that he might have devoted to other pursuits.

Students should quickly make the analogy with Crusoe.

In each case the student reporting should indicate the cost of what was recommended in terms of the work which could not be done with these same funds. Discuss the implications of these reports.

Students should see that, in each case, the cost of doing any one thing must be measured in terms of what we have to give up to do that one thing. In summary elicit a clear statement of this principle.

6 An Overview of Economic Systems

Knowledge Objectives

- A. To know that the economy of every society has been shaped by the geography, history, and values of that society
- B. To know that to analyze economic systems, we classify them as traditional, command, and market economies
- C. To know the main characteristics of traditional, command, and market economies
- D. To know that no economic system is purely traditional, command, or market
- E. To know that economic systems are not static

Method of Inquiry Objectives

- A. To be able to use the spectrum as an analytical tool
- B. To be able to make inferences

Materials

Reading 6

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- | | |
|--|--|
| ► What does an economic system do? | Encourage students to understand that an economic system answers the questions of <i>what</i> , <i>how</i> , and <i>for whom</i> . |
| ► Why are there so many different economic systems in the world? | Students should understand that the economic system of every society is shaped by its geography, history, and values. |
| ► What are the main characteristics of a traditional economy? | Students should recall that in a traditional economy most economic decisions are made by following the customs of previous generations. A traditional economy does not encourage change. |
| ► What are the main characteristics of a command economy? | Students should recall that most economic decisions in a command economy are made by a ruler or a small ruling group. A command economy often values change and economic growth. |
| ► What are the main characteristics of a market economy? | Students should recall that in a market economy most economic decisions are made in the free market. A market economy also values change and economic growth. |

► The reading mentioned the color spectrum. Can you think of other kinds of spectrums? (You may find it useful to sketch a thermometer on the chalkboard.) How would a spectrum of batting averages be useful?

► What do we mean by a “spectrum”?

► Why do we use spectrums in talking about economic systems?

► What kinds of economic spectrums are demonstrated in the reading?

► What other kinds of economic spectrums could we use? Draw a spectrum on the chalkboard, and ask students to suggest where the United States, the Soviet Union, and the Eskimos should be placed on issues such as the following:

Ownership of property
Distribution of wealth
Variety of goods produced
Role of government in the economy

► What can we see from these spectrums?

Students may mention a thermometer, a bathroom scale, and others. From discussing a spectrum of batting averages, students should see that the spectrum can be used to compare a great variety of things.

Press for the statement that a spectrum shows the range of differences extending from one extreme to another.

Allow discussion. Students should indicate that 1) a spectrum allows us to see relative positions along a scale, rather than just extremes; and 2) it helps us to visualize change and the direction of change.

Students should refer to the reading to see that one spectrum has to do with how decisions are made, another spectrum has to do with attitudes toward economic progress.

Encourage students to suggest economic policies that could be placed on a spectrum. The teacher may suggest some of the issues listed in the left-hand column below.

Given the issue of ownership of property, students should suggest that the United States belongs near the privately owned end of the spectrum, while the Soviet Union and the Eskimos belong near the publicly or communally owned end. Similar conclusions should be made for the other spectrums.

Encourage students to state explicitly that the American economy—and probably all economies—falls somewhere between the extremes of these spectrums in its economic practices.

7 The Traditional Economy (I)

Knowledge Objectives

- A. To know ways in which the geography of the Arctic and the value system of the Eskimos helped to shape their economy
- B. To know that a people's customs may inhibit economic growth and change

Method of Inquiry Objectives

- A. To be able to draw conclusions from watching a filmstrip
- B. To be able to draw conclusions from narrative accounts

Materials

Reading 7

Filmstrip 1, The Eskimos: Their Resources (Part I) and The Eskimos: Their Technology (Part II) (container 1 in A-V kit)

► Let's begin by looking at a filmstrip on the resources and technology of the Eskimos. Think about the following questions: How would you describe the environment of the Eskimos? What in these pictures might be related to economics? PROJECT FRAMES 1-8 OF FILMSTRIP 1, discussing each frame.

► Now let's examine Eskimo technology. Before projecting the following frames, ask three questions: How have the Eskimos used ice and snow? How have the Eskimos used water? How have the Eskimos used the animals of the Arctic? PROJECT FRAMES 9-19, pausing to discuss each frame.

► How do you suppose the Eskimos learned to use their environment?

The environment is clearly quite bleak. There are many animals, however, which might be used for food and clothing. The snow itself might be used for igloos. And both the water and the snow could be used for transportation.

The pictures show Eskimos using snow and ice as a highway over which they travel by sled or snowshoes. Eskimos made kayaks in which to hunt, fish, and travel on the water. Dogs were used for transportation on land; seals, whales, fish, and land animals were used for food and clothing, and to make kayaks and sleds. From the reading, students should recall that the Eskimos also hunted caribou (shown on Frame 2 of the filmstrip).

Students could speculate that the Eskimos had no choice if they were to survive. More specifically, they learned from experience and then passed the learning on to following generations.

► What are the chief characteristics of a traditional economy?

Students should recall from Reading 6 that a traditional economy answers the *what*, *how*, and *for whom* questions mainly by following long-established customs.

► From the evidence presented in the reading, how do we know that the Eskimos had a traditional economy?

Students should focus on “The Hand of the Past” (pp. 22-23), and note that the Eskimos expected to find fish and caribou where they had found them in preceding years.

► Would such beliefs and customs be likely to encourage or to discourage economic growth and change?

Encourage discussion, aiming at the point that such customs discourage economic growth and change by perpetuating the ways of the past.

► Do some of our customs tend to discourage economic growth and change?

Encourage students to cite examples of American customs that inhibit growth and change. You may prompt them, or augment their lists, with the following:

1) Although the life expectancy of Americans is increasing steadily, most still retire at sixty-five.

2) Women, however talented, are rarely considered for top executive jobs.

3) Some businesses are slow to adopt new inventions and techniques.

► Are Americans more willing to change than the Eskimos were? What is your evidence?

Students should infer from the reading that Eskimos were highly resistant even to simple changes in their economic life. Students should be able to cite dozens of examples showing the willingness of Americans to change. You may wish to explore briefly the economic implications of the Eskimos’ unwillingness to change, as a prelude to the next lesson.

8 The Traditional Economy (II)

Knowledge Objectives

- A. To know that the Eskimos answered the *what*, *how*, and *for whom* questions as their ancestors had answered them
- B. To know that the customs of a group which are considered important to the group's survival are very highly valued

Method of Inquiry Objectives

- A. To be able to interpret descriptive data
- B. To be able to make inferences from a narrative account

Materials

Reading 8

► Yesterday we began to talk about the influence of customs on the Eskimos. How are customs related to values?

► Draw a spectrum on the chalkboard:

valued _____ valued
little highly

Where would we place some of the customs of our own society along this spectrum?

► How are the geographic conditions of the Eskimos related to their customs?

► Give some examples of the superstitions of the Eskimos.

► How might their superstitions and belief in miracles affect their attitude toward change?

► When we make a promise, what are we saying?

Allow discussion of this issue. Students may need help to see that most people value ways of doing things which they know about from past experience.

Students may suggest a variety of customs (monogamy, sanctity of human life, respect for private property). Place each along the spectrum at the place which students think it holds in our value system.

The geographic conditions mean that the Eskimos live in danger of starvation and freezing to death. Customs related to the production of food and shelter are highly valued.

Students should refer to Reading 7, pp. 23-24.

Students should understand that when a people believe their life is controlled by outside forces, they do not feel much power over events. This belief would discourage change.

Allow discussion to the point that we are giving a commitment to the *future*.

► How is this different for the Eskimos?

The Eskimos are telling you how they feel in the *present*.

► Which attitude toward promises would encourage trading and specialization of labor?

Students should suggest that business dealings are based on promises to deliver a product or service. The traditional promise of the Eskimos would thus discourage trade.

► Let's see how customs and values affected the Eskimos' economic decisions. What did the Eskimos produce from the seals?

Students should refer to the lesson to know that Eskimos killed seals and used them for food and bags to store oil (pp. 25-26).

► Why didn't they kill caribou?

Students should see that trying to kill caribou would probably be hopeless (p. 25), and it would be contrary to a tradition.

► How did they kill the seals?

Allow students to describe the intricate procedure.

► *For whom* is our third economic question: How did the Eskimos divide the seal?

Students should refer to the reading and describe the way in which Eskimos shared food.

► What happened to the man who didn't share?

Students will see that he felt his misfortunes came because he was selfish and broke an unwritten law.

► Why do you think the Eskimos valued sharing food?

Students should realize that in the Arctic, sharing was necessary for survival, since no individual hunter could hope to catch food regularly enough to keep his family alive.

► How did their customs and values affect the way the Eskimos answered the *what*, *how*, and *for whom* questions?

In summary, encourage students to state explicitly that the Eskimos' decisions were guided by their customs and values.

Unit Two

The Matter of Resources

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know the meaning and function of resources in a traditional economy
- B. To know the meaning and function of natural resources
- C. To know that the adequacy of supply of a resource depends on the number of people it is to serve and the alternate resources available
- D. To know the meaning and function of capital goods
- E. To know the three preconditions for the production of capital goods
- F. To know that the Soviet Union has a rich supply of physical resources
- G. To know that the Soviet Union has emphasized investment in capital goods
- H. To know the meaning and function of human resources
- I. To know four criteria for judging the adequacy of human resources
- J. To know that the United States has populous, healthy, educated, and willing manpower
- K. To know that an individual in a market economy has extensive, but not complete, freedom to choose how he will use the human resource represented by himself

- L. To know how the Soviet Union has tried to develop its human resources

Method of Inquiry Objectives

- A. To be able to extract principles by listening to a dramatic presentation
- B. To be able to read and interpret statistical data
- C. To increase skill in considering the multiple factors involved in making decisions
- D. To be able to make inferences
- E. To be able to recognize when there is insufficient information to draw a reasonable conclusion
- F. To be able to abstract ideas from case studies
- G. To be able to relate personal problems of choice to the economy as a whole
- H. To be able to draw conclusions by viewing a filmstrip

Attitude and Value Objectives

- A. To be willing to accept the fact that most generalizations need to be qualified
- B. To be willing to examine several viewpoints before forming an opinion
- C. To be willing to look for significant data in a variety of types of material

Chapter 3 **Physical Resources**

9 Resources in a Traditional Economy

Knowledge Objectives

- A. To know that resources are used to produce goods and services
- B. To know that there are numerous kinds of resources
- C. To know that the way of life of a people, which is based on their past experiences and knowledge, affects what things will be seen as resources
- D. To know that resources are useful only to someone who knows how to use them

Method of Inquiry Objective

To be able to extract principles by listening to a dramatic presentation

Materials

Reading 9

Record, Side 1, Band 1; "Survival" (record in A-V kit; script on *Guide* pp. 139-144)

Class Handout 3, Questions about the recording (handout master in A-V kit; facsimile on *Guide* p. 139)

► **DISTRIBUTE HANDOUT 3.** Allow three to four minutes for students to read the questions.

► **PLAY RECORD, SIDE 1, BAND 1.** The band runs fifteen minutes. This band has one lock groove, between Act I and Act II. (When the phonograph needle reaches a lock groove, it will stay there until you push it on.) After each act, pause for discussion of the questions in the handout, allowing time for completion of the record.

► **LOCK GROOVE:** Discuss the first three questions on the handout.

Students should have no trouble with Question 1. In their answers to Question 2, they should note the differences in education. Arvik was better educated to survive in the Arctic with little equipment. Question 3 should elicit the points that both the natural resources and Arvik's human resources were necessary.

► END OF BAND: Discuss Questions 4 and 5 on the handout.

► Ask students to look at Question 6 on the handout. What things can you think of that are useful natural resources today, but that were not useful at some time in past history?

► Do we perhaps have natural resources of which we are unaware?

► In summary, what is the economic relationship between physical and human resources?

In answer to Question 4, students should recall such resources as canvas, sutures, a steel bar, a key used to open cans, driftwood, a brass case for a compass, and sealskin. For Question 5, students should discuss Arvik's reasons for leaving Dr. Carter behind. Encourage comments on the wisdom of that decision, and its basis in the values of the Eskimos.

If students have difficulty, you may use some of the following suggestions: oil, iron ore, plankton, trees (for paper), uranium, water (for electric power).

Students should see that it is quite likely that we do.

Encourage discussion to make sure that students know that a physical resource is useful only if someone knows how to use it and wants to use it.

10 Natural Resources in the American Economy

Knowledge Objectives

- A. To know what is meant by the term “natural resources”
- B. To know that the pattern of use of natural resources has changed in the United States
- C. To know that adequacy of supply of a resource depends on the number of people it is to serve and the alternate resources available

Method of Inquiry Objectives

- A. To be able to read charts, tables, and graphs accurately
- B. To be able to interpret statistics

Materials

Reading 10

<p>► What do we mean by “natural resources”?</p>	<p>Try to obtain from students a clear statement that natural resources are all the things in nature that man uses in producing goods and services.</p>
<p>► Refer to the population graph on p. 34 of the reading. What has been the American population trend?</p>	<p>Students should see steady growth.</p>
<p>► Why is it important to know the population trend in studying the adequacy of resources?</p>	<p>Students will see that as population increases, more resources are needed.</p>
<p>► Between 1950 and 1960, how much did the population increase?</p>	<p>Students should have figured about 28 million.</p>
<p>► What per cent increase in population does this figure represent? How do you find out?</p>	<p>Ask a student to explain the procedure: 28 million divided by 151 million equals about 18.5 per cent.</p>
<p>► Let’s look at some of our resources. Refer to the petroleum chart on p. 35 of the text. Why is petroleum considered an important resource? What do we use it for?</p>	<p>Encourage students to suggest uses. The following list may be used to augment suggestions: gasoline, fuel oils, lubricants, jet fuel, asphalt, napalm, kerosene, plastics.</p>
<p>► What is the significance of the proved reserve figures?</p>	<p>Students should see that these figures represent the petroleum known to be available for future use.</p>

► In estimating the adequacy of our petroleum resources, what other information do we need?

► Refer to the chart on natural gas on p. 35 of the text. Why is natural gas an important resource?

► Do this chart and the graph on population enable us to predict whether or not we shall have sufficient natural gas for future needs?

► Refer to the graph of energy sources on p. 36 of the text. What per cent of all energy used in the United States in 1900 came from coal?

► What per cent in 1964 came from coal?

► Does this graph tell you how much coal was used in 1900? in 1964?

► What does the graph tell you about the use of coal?

► Ask a number of questions to reinforce the point that adequacy of any natural resource depends on the number of people to be served and alternate resources available. For example: How adequate would the energy resources of the United States be for the current needs of a country like India?

Students will probably suggest population growth, and may suggest the effect of imports and exports, and the development of other energy sources.

Students may need help in listing its uses. The following suggestions may augment their lists: fuel, raw materials used by the chemical industry (to produce ink, explosives, synthetic rubber, perfume, dyes), solvents, anesthetics.

Encourage students to understand that, considered together, the chart and the graph give us information to calculate the answer—if trends in population growth and trends in use and reserves of natural gas continue. These may change, however.

Have a student point to figures on the graph. Students should see it was about 92 per cent.

Students should see that it was about 48 per cent.

Students should see that it does not.

Students should see that it only tells you what per cent of the total energy produced was produced by coal.

Allow speculative discussion, while pressing for a specific statement of the fact that adequacy of resources must be measured in terms of the number of people to be served and the alternate resources available.

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11 Capital Resources in the American Economy

Knowledge Objectives

- A. To know that capital goods are goods used to produce other goods
- B. To know that capital goods spur economic growth by increasing productivity per worker
- C. To know that there are three preconditions to the production of capital goods: technical skills, adequate source of consumption goods, and incentive

Method of Inquiry Objectives

- A. To be able to interpret descriptive data
- B. To increase skill in considering the multiple factors involved in making decisions

Materials

Reading 11

Transparency 11, List of goods (book of transparencies in A-V kit; facsimile on *Guide* p. 145)

► PROJECT TRANSPARENCY 11. Which of these items are capital goods? How do you judge what is a capital good?

Encourage students to understand that a capital good may be anything that contributes to the production of other goods, while not being totally consumed itself.

► What preconditions must be met before capital goods may be produced?

Have students list the three preconditions stated in the lesson: technical skill, adequate source of consumption goods, and incentive.

► Write the following four headings on the chalkboard:

TECHNICAL SKILLS
ADEQUATE SOURCE OF
CONSUMPTION GOODS
INCENTIVE
TYPES OF CAPITAL GOODS

Then fill in under each, as students answer the following questions related to the reading.

► Did the “career companies” have the necessary technical skills? How did they acquire them? Fill in answers under TECHNICAL SKILLS.

Encourage students to list such technical advancements as new uses for coal and more efficient mining and transportation methods.

► How did the companies acquire an adequate source of consumption goods? Fill in answers under ADEQUATE SOURCE OF CONSUMPTION GOODS

► What were the incentives that led the companies to invest in capital goods? Fill in answers under INCENTIVE.

► What types of capital goods did the career companies invest in? Fill in answers under TYPES OF CAPITAL GOODS.

► How have added capital goods affected the economic growth of the coal industry, the price of coal, the wages of miners, the profits of companies?

► If time permits, present several case studies designed to illustrate that all three preconditions for investment in capital goods must be met before an investment will be made.

1) You have an after-school job delivering pizzas. You spend your earnings on weekly club dues. You think that with a bicycle, you could increase your earnings. You still have to pay your weekly club dues out of your earnings. What precondition for investing in capital goods seems to be lacking? How might this be fulfilled? What are the risks?

2) You remember that the Kwa-kiutls did not seem to invest in capital goods. What ingredients seemed to be missing?

Students should suggest that the companies probably borrowed.

Students should refer to the lesson and see that the companies were losing out to competitors while the total energy market was expanding.

Encourage students to point out a number of types of capital goods that the companies invested in to emphasize the point that any goods which are used to produce other goods are capital goods.

Students should see that added capital goods have led to growth, have decreased the price of coal, and have increased wages and profits.

Students should see that the precondition that is lacking is adequate source of consumption goods (money to pay club dues if earnings from your job are spent on a bicycle). A loan of some sort might solve the problem. The many risks include the possibility that the pizzeria will go out of business.

Encourage students in discussion to the point that incentive and technical know-how were missing.

13th Ed.

12 Physical Resources in the Soviet Economy

Knowledge Objectives

- A. To know that the Soviet Union has an excellent supply of physical resources
- B. To know that the Soviet government has stressed capital investment

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to interpret graphs
- C. To be able to make inferences

Materials

Reading 12

Transparency 12a, Quotations from Soviet leaders (book of transparencies in A-V kit; facsimile on *Guide* p. 145)

Transparency 12b, Investment graph for Soviet Union (book of transparencies in A-V kit; facsimile on *Guide* p. 146)

Overlay 12c, Investment graph for the United States (book of transparencies in A-V kit; facsimile on *Guide* p. 146)

Class Handout 4, Developing human resources (handout master in A-V kit; facsimile on *Guide* pp. 144-145)

► What can we conclude from evidence in the reading about physical resources in the Soviet Union?

► Judging from the reading, what kinds of natural or physical resources seem to have been developed at an increasingly rapid rate? Why?

► PROJECT TRANSPARENCY 12a. What do these four quotations have in common?

► Why heavy industry? What is so vital about heavy industry?

► PROJECT TRANSPARENCY 12b. Let's see how the aims of Soviet leaders affect investment patterns in the Soviet Union. Ask a series of questions to test students' knowledge of what the bar graph shows:

Students will see that the Soviet Union has the largest supply of physical resources of any nation in the world (p. 41 of the reading).

Students should see that resources that produce energy have been developed rapidly. Those resources thus can be used to increase productive capacity.

Students should see that they all advocate development of heavy industry.

Allow discussion until the point seems clear that heavy industry refers to capital goods that produce other capital goods. Heavy industry is thus the cornerstone of economic growth.

► How does the graph reflect the stated aims of the Soviet leaders?

► How do you think the American investment pattern might compare to the Soviet pattern? Why?

► Let's look at the actual comparisons. FLIP OVERLAY TRANSPARENCY 12c on 12b. In which sectors is American investment a smaller percentage? Why?

► In which sectors is American investment a higher percentage? Why?

► What can we infer from the bar graph about how the United States and the Soviet Union answer the *what*, *how*, and *for whom* questions?

► DISTRIBUTE HANDOUT 4. Discuss the exercise briefly, and tell students to prepare the exercise, as well as Reading 13, for the next class.

Students should point to the high investment in industry.

It is less important that the students approach the correct answer here than that they begin to understand the reasoning underlying investment.

Students should see that the United States invests a smaller percentage in industry and agriculture. They may suggest that the American industrial plant is older and therefore more complete, and that American agriculture is more efficient.

Students should see that a higher percentage is invested in transportation and communication, services, and housing. They may refer to their answers to the preceding question, and further point out that the American investment pattern reflects choices made by consumers.

Allow discussion, pressing for the point that the pattern in the Soviet Union seems to be set by the government, and the pattern in the United States reflects consumer demands.

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13 What Difference Do Human Resources Make?

Knowledge Objectives

- A. To know that human resources are essential to economic growth
- B. To know that there are four criteria for judging the adequacy of human resources: numbers, education, health, and motivation

Method of Inquiry Objectives

- A. To be able to make inferences
- B. To be able to recognize when there is insufficient information to draw a reasonable conclusion

Materials

Reading 13

► **GROUP WORK.** Divide class into three or four groups. Instruct each group to select a chairman, who will later serve as a reporter. Tell the students to pool their conclusions about how the South American government can develop educated and willing manpower. Allow about ten minutes for group work. Ask each group for a brief report on how to develop educated manpower. As the first report is made, list (or have a student list) the suggestions on the chalkboard. As the subsequent reports are made, add new suggestions to the list.

► After all groups have reported, ask if any of the suggestions seem impractical or invalid.

Permit discussion of the list, concentrating on the difficulty of developing educational programs that are sure to work.

► What other information would be useful in deciding how best to develop educated manpower?

Students could suggest availability of teachers, the ability of families to grow enough food with their teen-age sons at school, or the exact numbers of chemists and engineers needed.

► Ask each group for a brief report on how to develop willing manpower. Again, list the suggestions on the chalkboard.

► After all groups have reported, ask if any of the suggestions seem impractical or invalid.

Permit discussion of the list, concentrating on the difficulty of establishing an educational system sure to instill motivation.

► What other information would be useful in deciding how to develop willing manpower?

► Should the valley people be asked if they want a copper factory? Would they be likely to favor such developments?

► What two characteristics of manpower needed for economic growth have we not discussed?

► What is the relation between human resources and physical and capital resources?

Students could suggest more knowledge of the values of the traditional society, or more knowledge of the effectiveness of techniques that could be used to change people's values.

Encourage students to state at least two possible answers: that the valley people would be happier with a higher standard of living; that the valley people may well be happy with a traditional life and should not be disturbed. They may neither favor nor understand the copper factory.

Students should recall the two others from the reading: adequate manpower and healthy manpower. Discuss each briefly.

In summary, elicit an explicit statement that all three are needed for economic development. Physical and capital resources are useless without adequate manpower to develop them.

Need 16

14 Human Resources in the American Economy (I)

Knowledge Objectives

- A. To know that the United States has a growing population and to infer that this means a growing labor force
- B. To know that the United States has a relatively healthy population, as measured by life expectancy and infant mortality
- C. To know that the United States, as measured by the number of high school graduates, has an educated labor force
- D. To know that the United States, as measured by official documents, favors full utilization of its human resources through providing opportunity for all

Method of Inquiry Objectives

- A. To be able to read charts, tables, and graphs accurately
- B. To be able to make inferences

Materials

Reading 14

- | | |
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| ► What is today's lesson about? | It deals with human resources in the United States. |
| ► What aspects of human resources in the United States does it deal with? | It deals with the main factors that determine the adequacy of a labor force: numbers, education, health, and motivation. |
| ► Look at the population graph on p. 46. What does it tell us? | Students should notice the steady growth of population since 1800. |
| ► Does it tell us how many people are in the labor force? | Students should see that it does not. |
| ► What is an inference? What do we mean when we say, "I infer such and such from your remarks"? | Aim at the idea that an inference is a good guess based on available data. |
| ► From this graph, what can we infer about the size of the labor force? | We can infer that it has grown rapidly. |
| ► What factor of an adequate labor force does the table on p. 47 deal with? How does it measure the health of the American population? | Students should state explicitly that it deals with the factor of health. Two measures are used: life expectancy and the infant death rate. |
| ► Is life expectancy a good measure of health? | It is a better measure of survival than of health. |

► What other kinds of measures might one find useful?

► What is the significance of the infant death rate? Why do babies die? What can you infer about health in a nation from such figures?

► Look at the bar graph on p. 48. What factor of an adequate labor force is it dealing with? What trend does the graph show?

► What additional information would we need to judge the adequacy of the education of the labor force?

► Look at the quotations on pp. 48-49. What factor of an adequate labor force do they deal with?

► What ideas do the five excerpts have in common?

► What does our entire lesson indicate about the quality of human resources in the United States?

Among the other measures that might be used are 1) days lost from work, and 2) armed forces physical exams.

Encourage students to see that nations with high infant mortality rates probably have poorer medical care and poorer sanitation than others. Adults in the working population can suffer from those same things.

Students should state explicitly that it deals with the factor of education, and shows that a greater percentage of seventeen-year-olds has graduated from high school each year.

Allow discussion to the point that we need to know the educational requirements of the various categories of work.

Allow discussion until students can state explicitly that all of these quotations reflect the value system of the United States, and therefore relate to motivation.

The excerpts deal generally with the dignity of man and his right to earn a living. Encourage discussion of each excerpt if necessary.

Encourage discussion so that students can generalize about the high quality of American human resources measured by the four criteria discussed.

15 Human Resources in the American Economy (II)

Knowledge Objectives

- A. To know that individual people represent human resources
- B. To know that the career decisions of individuals affect the supply of human resources for the entire economy
- C. To know that in a market economy, individuals have considerable freedom to choose a career, although that freedom is limited by the economy's needs for different skills, and by other factors such as discrimination

Method of Inquiry Objectives

- A. To be able to abstract ideas from case studies
- B. To be able to relate personal problems of choice to the national economy

Materials

Reading 15

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| ▶ What does this lesson have to do with human resources? | Students should suggest that individual Americans are themselves human resources. |
| ▶ What problem or choice does each student in the reading face in making a decision about his future? | Students should quickly identify the problem or choice to be made in each case: George A.—whether to finish school; Alice B.—which career; Rita C.—whether to get training for a distant future; etc. |
| ▶ Why are each of these students having to make decisions? | Encourage discussion to the point that in a market economy the individual must decide on his job choice. |
| ▶ Now let's discuss a few of the students more fully. What would be the effect on the economy if George A. dropped out of school? (If students suggest only one of the responses in the right-hand column for this question and the following one, elicit the other response from them.) | Students might suggest that George's talents could be wasted without further education. Or, they might suggest that he may be best suited to a simple job, and that further education would be wasted on him. |
| ▶ If George decided to quit school, how do you think he'd regard his decision twenty years in the future? | Students might suggest he'd regret his decision because of low income, or that he'd be pleased with a simple job he could do well. |

► What could Alice B. do if, after ten years at her job, she found she'd made the wrong choice?

► What does a market economy lose by letting people change fields later in life? What does it gain?

► How do you think Donald E. could find out if he has equal job opportunity?

► What might Diana F. do?

► How does unequal job opportunity for Negroes and women affect the economy's supply of human resources?

► How might Fred G. find out whether his skill will be needed twenty years in the future?

► Even if Fred spent weeks investigating the future of typography, why would his choice remain a gamble?

► How is Fred's problem related to the market economy's answers to the *what*, *how*, and *for whom* questions?

► In a market economy, then, how much freedom does the individual have to decide how he'll use the human resource represented by himself?

Students should suggest that she could go back to school for training in the field she'd neglected.

A market economy loses in efficiency—Alice loses time as a productive worker by returning to school. A market economy gains by letting people correct wrong decisions made earlier in life.

Students might suggest that Donald might ask those people who claim that Negroes have equal opportunity to give him a chance for a skilled job.

She might talk to employers in the field that interests her, to see what kind of training she would need.

Students should see that it reduces the supply, since the talents of many Americans are not fully used.

He might talk with union representatives and printshop owners, and write to the Department of Labor.

Unforeseen developments, such as inventions, could change the entire printing industry.

Students should realize that Fred alone can neither predict, nor greatly influence, the economy's answers.

In the course of discussion, elicit two responses: Individuals have considerable freedom to look for the job they want most. But their freedom is restricted by their talents, the jobs available, and sometimes discrimination.

16 Human Resources in the Soviet Economy

Knowledge Objectives

- A. To know that the Soviet government has put a high priority on education
- B. To know that the Soviet educational system is designed to serve the goals of the state
- C. To know that any educational system reflects the values of the society
- D. To know that Soviet education emphasizes the skills needed for development of capital resources

Method of Inquiry Objectives

- A. To be able to make inferences from a filmstrip
- B. To be able to use evidence in support of a hypothesis

Materials

Reading 16

Filmstrip 2, Education among the Eskimos (Part I) and education in the Soviet Union (Part II) (container 2 in A-V kit)

► First we're going to look at a filmstrip about education among Eskimos and in the Soviet Union. What do these first frames show about Eskimo education? PROJECT FRAMES 1-5 OF FILMSTRIP 2, discussing each picture.

► What do these next frames tell us about education in the Soviet Union? PROJECT FRAMES 6-9, discussing each picture.

► What else do these frames tell us about education in the Soviet Union? PROJECT FRAMES 10-12.

► What else do these pictures tell us about education in a developed economy? PROJECT FRAMES 13-26, pausing to identify the activities shown in each picture.

► From the reading and from the filmstrip, what can you infer about the values of the people who control Soviet education?

Students should infer that Eskimo education is traditional. Children learn from their parents and from experience.

Students should see that Soviet education involves traditional education. Like Eskimo children, Russian children learn from their parents.

Students should see that there is formal, classroom education in the Soviet Union, and that Russians learn through experimentation as well as by rote and practice.

Students should infer that a great variety of skills is needed in a developed economy. This fact is reflected in Soviet education.

Allow discussion. Students should see that those values include loyalty to the state, full utilization of human resources, heavy emphasis on science

and technology needed for economic development, respect for labor, and equal educational opportunity.

► What role does education play in a developed economy?

Allow discussion, but press for specific statements and evidence of the role of education in the development of human resources.

► How does Soviet education differ from American education?

Allow discussion. Students might point out that the Soviet Union places more emphasis on science and less emphasis on the social sciences. They might also suggest that Soviet students are expected to work harder in school.

► How do those differences reflect differences in economic development? in values?

Students should suggest that the Soviet Union stresses science and technology because its capital resources are less developed than those of the United States. As for values, students might suggest that Americans place much greater emphasis on free inquiry, and that Americans seem to take school less seriously than most Russians do.

Unit Three

What and How in a Market Economy

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know the meaning of the following terms: *the market, supply and demand, costs, individual proprietorship, partnership, corporation, oligopoly, monopoly, and pure competition*
- B. To know the three causes of changes in demand
- C. To know what can cause changes in supply
- D. To know how the market operates to set prices
- E. To know the complexity of the market system
- F. To know that the United States has never had a completely free market economy
- G. To know that competition is conducive to efficiency in business
- H. To know the characteristics of pure competition, oligopoly, and pure monopoly
- I. To know why the United States has sometimes curtailed competition
- J. To know what executives do, and to what kinds of pressures they are subject
- K. To know some of the ways in which government has played a role in the economy of the United States

Method of Inquiry Objectives

- A. To be able to perceive a frame of reference
- B. To be able to abstract principles from a model
- C. To be able to apply principles learned in one situation to other situations
- D. To be able to prepare graphs based on statistical data
- E. To be able to classify data
- F. To be able to generalize from case studies
- G. To be able to use evidence in support of an argument
- H. To be able to analyze recorded material

Attitude and Value Objectives

- A. To be willing to test hypotheses through interviews
- B. To be willing to examine critically the economic values of the United States
- C. To be willing to represent a viewpoint other than one's own

Chapter 5 **Model of the Market**

17 The Market as an Organizing Device

Knowledge Objectives

- A. To know what is meant by “the market”
- B. To know that a market economy is a system for answering the basic economic questions

Method of Inquiry Objectives

- A. To be able to perceive a frame of reference
- B. To be able to abstract principles from a model

Materials

Reading 17

Class Handout 5, Interviewing local merchants (handout master in A-V kit; facsimile on *Guide* p. 147)

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| <ul style="list-style-type: none">▶ Leave ten minutes at the end of the period to discuss the handout.▶ How is the market referred to in your reading?▶ When we say “a market economy,” what are we referring to? What does a market economy do?▶ What other economic systems have we mentioned that do these jobs?▶ Let’s examine the way that the market works. Who decides what jobs shall be done? How do the jobs get filled?▶ What makes people decide to fill the jobs?▶ Who decides the <i>what</i> question in a market economy? | <p>Students should refer to the reading to see that it is defined as “an organizing device” (title), “the way people behave” in making economic choices (p. 58), and as “impersonal forces” (p. 59).</p> <p>Students should see that it answers the <i>what</i>, <i>how</i> and <i>for whom</i> questions.</p> <p>Students should mention traditional and command economies.</p> <p>Each person decides for himself what jobs to fill.</p> <p>People basically decide that filling a particular job is to their advantage; it is a matter of self-interest.</p> <p>Students should suggest it is a matter of taste, or “dictates of consumers” (p. 59).</p> |
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► How do the producers learn of the wants of the consumers?

Students should refer to p. 59 of the reading, if necessary, to understand that the producers learn the wants of the consumers from “simple observation” of what is not sold or what is in short supply.

► How is the *how* question decided in a market economy?

Encourage students to understand that the answer to the *how* question will depend on a number of factors such as available resources, level of technology, prevailing institutions, and so forth.

► How is the *for whom* question decided in a market economy?

Students will see that the answer to the *for whom* question depends on the distribution of income. Those with more income can buy more of what is produced.

► Why was it so hard for the leaders of the African nation described in the reading to imagine a market economy?

Students may suggest differences in values and the fact that a market economy is difficult to explain—even to those familiar with it.

► Let’s turn to the imaginary example in the reading, an economy producing only bread and cheese. What will be the effect on the economy if people start to spend a larger proportion of their incomes on cheese than they had in the past?

Encourage students to work out the full repercussions which would be felt in such areas as the following: price of dairy acreage; demand for milking equipment; demand for labor on wheat farms; demand for materials for building barns; demand for corn used to feed cows.

► From this exercise, what can you conclude about the complexity of the market economy?

Press for an explicit statement which indicates that the market is extremely complex and that changes in the demand for one product can have repercussions in many industries.

► **DISTRIBUTE HANDOUT 5.** Discuss the handout with the students. You may want to have two students act out an interview.

Encourage students to plan their interviews carefully and to show consideration for the merchant’s time.

18 Supply and Demand in the Market (I)

Knowledge Objectives

- A. To know the meaning of “market price,” “quantity sold,” “demand,” “supply,” “competitive markets”
- B. To know that changes in taste, income, and availability of substitute products can cause changes in demand

Method of Inquiry Objectives

- A. To be able to give an oral report
- B. To be able to abstract information from student reports
- C. To be able to apply principles learned in one situation to other situations

Materials

Reading 18

Transparency 18, Competitive and non-competitive markets (book of transparencies in A-V kit; facsimile on *Guide* p. 148)

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| ► Let's review some economic terms. What do economists mean when they say “market price”? “quantity sold”? | Encourage students to give definitions in their own words without referring to the reading. If necessary, they may refer to p. 60 of the reading. |
| ► How do economists use the word “demand”? | Press for a definition close to the one on pp. 60-61. |
| ► What does “demand” mean in everyday conversation? What about the word “want”? | Permit students to give a number of meanings for each word. |
| ► How does the economist's meaning of the word “demand” differ from everyday meanings? | Students should emphasize the precision of the economist's meaning of “demand.” |
| ► What do economists mean by the term “supply”? | Press for a definition close to the one on p. 61 in the reading. |
| ► Who supplies the supply? | Students will see that producers determine the supply offered. |
| ► What does the term “competitive market” mean? | Encourage students to explain that in a competitive market, no one producer controls the price. |
| ► PROJECT TRANSPARENCY 18, showing used-car ads and a utility bill with rate schedule at the bottom. | |

► What does this transparency show?

Students should respond that the transparency shows two different markets.

► Which of the two markets is a competitive market?

Students should see that the used-car market, with many sellers, is competitive.

► You were to interview a merchant in your neighborhood to determine what factors he felt affected demand. What did you find? Can we fit them into the categories listed in the reading: taste, income, availability of substitute products?

Have as many students as time permits report their findings. Encourage them to report fully and to see if their findings fall into the categories suggested.

► Instruct students to review Reading 18 in addition to studying Reading 19 for the next class.

19 Supply and Demand in the Market (II)

Knowledge Objectives

- A. To know that supply responds to changes in demand
- B. To know that an evaluation of costs underlies a producer's decision to increase or decrease supply

Method of Inquiry Objective

To be able to apply principles to hypothetical problems

Materials

Reading 19

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| <p>► Let's review yesterday's lesson. If on one day 1,100 quarts of ice cream were sold at \$.50, and on the next day sales were 750 quarts at \$.60, would demand have changed?</p> | Students should see that demand would not have changed. Demand refers to a whole schedule of the quantities that will be demanded at all prices. |
| <p>► If on one day producers brought 1,100 quarts of ice cream to market at \$.50, and the next day they brought 750 quarts at \$.60, would supply have changed?</p> | It would not have changed. Supply refers to a whole schedule of quantities that will be supplied at all prices. |
| <p>► What do demand and supply determine in competitive markets?</p> | Students may need to refer to Reading 18 (p. 60) to list both factors: 1) price and 2) quantity sold. |
| <p>► In the last lesson, we saw some of the factors that influence demand. What are they?</p> | Students should recall that they are taste, income, and availability of substitute products. |
| <p>► Let's look at the supply side. What tempts a producer to supply more of his product in the market?</p> | Students may suggest the desire for profits. |
| <p>► What are profits?</p> | Students should see that profits are the income that is left after the producer has paid all of his costs. |
| <p>► How does a rise in prices affect the producers' decisions to supply more? What other factor do the producers have to consider before they begin to supply more when prices rise?</p> | Students will see that it stimulates producers to want to supply more in the hope of making a greater profit. Students should quickly see costs as the other factor. |

► What are some typical costs which producers must pay?

► What might happen to the demand for salt if its price were cut in half? Why?

► What might happen to the demand for salt if its price were doubled? Why?

► What keeps the price of salt at its present level?

► Let's say that an evening of bowling and an evening at the movies each cost about \$2 in your neighborhood. Suppose the local movie cuts its price to \$.75. How might the demand for bowling and the movies be affected?

► In most communities, the American Telephone & Telegraph Company is the only supplier of telephone service. Why does it advertise its services?

► The Hershey Chocolate Company doesn't advertise. Why do you think it doesn't?

► How does Medicare affect the demand for doctors' services? Why?

Students may need to refer to the reading (pp. 64-65) to list the major costs to be considered.

Students will see that consumers' tastes keep the demand for salt nearly constant.

The answers to the preceding question apply here as well. Salt is a necessity.

If one salt company doubled its price, it would lose business to other salt companies. Elicit the conclusion that a competitive market keeps the price down.

The availability of the movie (substitute for bowling) at a lower price (income) might increase the demand for the movie and decrease the demand for bowling. However, tastes might limit the amount of change.

Students will see that the advertising is aimed at increasing the demand for their services (changing consumer tastes).

Allow students to suggest reasons, pressing for the point that management probably doesn't feel that the added costs would increase profit.

Medicare increases people's ability to pay doctors and thereby increases demand.

20 A Way of Looking at Markets

Knowledge Objectives

- A. To know how the market operates to set prices
- B. To know what is meant by “unstable prices” and “equilibrium price”

Method of Inquiry Objective

To be able to work with charts and graphs

Materials

Reading 20

Transparency 20a and Overlay 20b, Supply and demand for corn (book of transparencies in A-V kit; facsimile on *Guide* p. 148)

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| <ul style="list-style-type: none">▶ Let's start with a review. What does an economist mean by the word “demand”? “supply”?▶ What are two ways in which demand and supply have been shown in your readings?▶ Draw a set of axes on the chalkboard. Will someone come to the chalkboard and draw a demand curve? Now explain why you did it this way.▶ Will someone else draw a supply curve on these same axes and explain what that curve shows?▶ Show where the equilibrium price falls on these two curves.▶ What does the equilibrium price mean?▶ What has determined this price, supply or demand?▶ If producers bring <i>more</i> to market at a certain price than consumers are willing to buy at that price, what will happen to the price? | <p>Elicit the definitions which are in the previous readings, and have been discussed in class.</p> <p>Both tables and diagrams have been used. Make sure students know that both illustrate the same phenomena.</p> <p>This exercise is designed to make sure that students know how a demand curve is shaped. Students should be able to explain that a demand curve slopes downward because the lower the price, the greater the quantity demanded.</p> <p>Students should see that the upward slope represents rising prices, not rising quantities.</p> <p>The equilibrium price is at the intersection of the two curves.</p> <p>Students will see (p. 70) that it is the price at which the quantity demanded and the quantity supplied are the same.</p> <p>Students will see that both supply and demand set price.</p> <p>Students will see that the price will fall.</p> |
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► If producers bring <i>less</i> to market at a certain price than consumers are willing to buy at that price, what will happen to the price?	Students will see that the price will tend to rise.
► What do these two situations have in common?	Work for an explicit statement that both these values describe a situation where the price is <i>unstable</i> .
► PROJECT TRANSPARENCY 20a. Tell students to copy the set of axes in their notebooks, then to fill in numbers along the axes, and to plot the demand and supply curves for corn. Allow about five minutes.	The teacher may wish to pass from student to student to help anyone having difficulty with this exercise.
► FLIP OVERLAY 20b, which shows supply and demand curves based on the data just given. Ask a series of questions designed to test the students' understanding of supply and demand, unstable price, and equilibrium price.	Students should check their work against the transparency.
At \$1.30 a bushel, what is the demand for corn?	1,000 bushels
At \$1.30 a bushel, what is the supply of corn?	4,250 bushels
How do we describe this situation?	Unstable
At \$1.10 a bushel, what is the demand for corn?	2,500 bushels
At \$1.10 a bushel, what is the supply of corn?	2,500 bushels
How do we describe this situation?	Stable, or equilibrium
►What will the market price of corn probably become after a day of trading?	Students should see that the market price will soon settle at the equilibrium price.

21 How Markets Work: Some Further Examples

Knowledge Objectives

- A. To know how the market operates to set prices
- B. To know that the market system is extremely complex

Method of Inquiry Objectives

- A. To be able to translate information received in one form into another form
- B. To be able to make inferences

Materials

Reading 21

Optional: Materials in A-V kit and facsimiles on *Guide* pp. 149-152 for Market Game which can be played in the next class meeting

► *If you wish to play the Market Game, save five minutes at the end of the lesson to distribute the class handout and to prepare students for the game.*

► Draw a set of axes on the chalkboard. Ask a student to come to the chalkboard and draw in what happened to demand as the fad for hula hoops caught on.

► Ask another student to draw in a curve indicating what happened to supply.

► Next ask other students to draw demand and supply curves as the fad dies out.

► What has happened to the equilibrium price?

► Using your own words, describe what happened in terms of demand and supply to the hula hoop industry.

► Draw another set of axes on the chalkboard. Ask a student to draw supply and demand curves for the Utrillo paintings. Then ask why they were drawn in this way.

This exercise tests knowledge of how demand curves operate. An increase in demand is indicated by a shifting of the entire curve to the right.

The increase in supply is indicated by a shifting of the entire supply curve to the right.

Supply is beginning to fall, while demand has fallen drastically. Each curve shifts to the left.

Students will see that the equilibrium price has fallen.

Students should be able to trace the full course of changes in demand and supply for hula hoops.

Here we have a fixed supply curve. Only one painting will be supplied at a time no matter what the price. Hence the supply curve is a straight line parallel to the vertical axis. The demand curve will slope downward; if many Utrillos were put up for sale, the price of any one painting would fall.

► What is Madame Utrillo trying to accomplish by limiting supply?

Students should see that she is trying to keep up the price by limiting supply and thereby increasing the sale price for any one painting.

► Why is she able to do this? Is this a competitive market?

Allow discussion here. Madame Utrillo is the only supplier of Utrillo paintings; hence the market for Utrillo paintings is not competitive.

► Are the prices of the paintings still set by supply and demand?

Students should see that they are.

► Draw a third set of axes on the chalkboard. Ask a student to draw possible demand and supply curves for stock in an oil company. Then ask why they were drawn in this way.

The demand curve should slope downward; the supply curve should slope upward.

► Suppose the oil company announces the discovery of a large new oil field beneath land which it already owns. What would happen to the demand curve? the supply curve? Draw in the changes, if any.

Students should see that demand should rise in expectation of higher profits. Supply would not change, but more shares might change hands since more might be offered for sale at the higher price.

► *MARKET GAME: It is suggested that the next class meeting be devoted to the Market Game. The class after that could, if necessary, be devoted to discussion of the results of the game. To prepare, distribute the Market Game handout and give preliminary instructions. See materials on pp. 149-152 of this Guide, and in the A-V kit.*

Chapter 6 **How America Modifies the Market**

22 Historical Backdrop for the American Economy

Knowledge Objectives

- A. To know that the United States has never had a completely free market economy
- B. To know that government has played a part in answering the *what*, *how*, and *for whom* questions as subsidizer and regulator of business and as redistributor of wealth

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to categorize material

Materials

Reading 22

► What do we mean by a “free market economy”? Can you think of other phrases we use to express approximately the same idea?

Encourage students to list as many phrases as they can which have been used to express the idea that the interaction of supply and demand determines prices and quantities of goods produced. You may want to stimulate discussion with some of the following phrases: pure market, free competition, pure competition, *laissez-faire*, the free enterprise system, and private enterprise.

► Have we ever had a completely free market in the United States?

Students should refer to the reading to see that government has always participated in the economy.

► What role did the federal government play in the economy between the Presidencies of Washington and Lincoln?

Students should refer to the reading to see that the government levied tariffs and used revenues to build roads and canals. Government became an “encourager and promoter of industry” (p. 77).

► What role did the states play in the same period?

Students may suggest a number of activities that the state of Massachusetts engaged in (p. 77).

► How can we classify the economic policies of Massachusetts in the early nineteenth century?

► Now, let's see how the actions of Massachusetts helped to answer the *what*, *how*, and *for whom* questions. Which activities helped primarily to answer the *what* question?

► Which activities helped primarily to answer the *how* question?

► Which activities helped primarily to answer the *for whom* question?

► What was the characteristic or most prevalent form of governmental economic activity in the first period (1789–1862)? To what economic question does this pertain?

► What was the most prevalent form of governmental economic activity in the second period (1862–1912)? To what economic question does this pertain?

► What was the most prevalent form of economic policy in the third period (1912–1935)? To what economic question does this pertain?

► In summary, what trends can you see in the history of government's role in the American economy?

Allow students to look over their notes or the reading. They should see that the government entered the market in three ways: as *regulator*, encourager or *promoter*, and as a *protector* of welfare.

Students should see that encouraging shipbuilding and cod-fishing helped to answer the *what* question.

Inspection of such industries as lumber and flaxseed helped to answer the *how* question.

Relief programs helped to answer the *for whom* question.

Students should refer to the reading to see that subsidy, or encouragement of growth of industry, was most prevalent (pp. 77-78). Subsidy pertains to the *what* question.

Students should refer to the reading to see that regulation was most characteristic (p. 78). Regulation pertains to the *how* question.

Students should see that a concern with economic security was most characteristic (pp. 78-79). The concern with economic security pertains to the *for whom* question.

Allow discussion here. Students may suggest 1) a shift from local and state government to central government as the chief economic policy-maker; and 2) a growth in the role played by government in the economy; and 3) a shift in the role played by government toward redistributing wealth rather than regulating or promoting industry.

23 The Business Firm (I)

Knowledge Objectives

- A. To know that competition operated to reallocate resources through a firm like the Dennison Manufacturing Company
- B. To know that competition placed limits on the prices for which the Dennison Company could sell its products
- C. To know the advantages a partnership has over an individual proprietorship

Method of Inquiry Objective

To be able to generalize from case studies

Materials

Reading 23

► Why did Andrew Dennison get out of the cobbler's trade in Brunswick, Maine?

► What economic advantage did the Boston shoemakers have?

► Were Dennison's former customers better off with the mass-produced shoes?

► Did Dennison's former customers consider themselves better off with mass-produced shoes? What evidence do we have?

► Why did Dennison decide to go into the jewelry box business? What competitive advantages did Dennison have over the French jewelry box makers?

► Were Dennison's new customers better off than previously?

Students should recall that competition from Boston shoemakers won his customers away.

They were mass-producing a standardized product using division of labor and more machinery. Hand methods could not compete.

Encourage discussion. They got their shoes more cheaply. But perhaps they missed the personal services and careful craftsmanship of Dennison.

Students should realize that Dennison's customers must have considered themselves better off. If they had not, they would have continued buying Dennison's shoes.

Get at the details of the story found in the third and fourth paragraphs of the reading (p. 80). Students should recall that Dennison was closer to markets and could deliver more reliably.

Again encourage discussion. They got their jewelry boxes more cheaply. And they must have thought themselves better off, or they would have continued buying the French jewelry boxes. Dennison was competing successfully with the French companies.

► What role had competition played in the career of Andrew Dennison to this point?

► Once the new business was established, what did the Dennisons do to make more money?

► Why couldn't Dennison simply charge as much as he wanted to for a jewelry box?

► Why did Eliphalet Dennison decide to take in partners?

► What were the disadvantages of taking in partners?

► In summary, what principles lay behind the Dennisons' answers to the *what* question?

► What principle lay behind the Dennisons' answer to the *how* question?

Competition had caused him to shift his resources from one industry to another.

Students should recall most of the following: 1) They raised prices as much as the market would bear. 2) They cut costs by adopting standardized sizes, purchasing materials in quantity, increasing the number of products, moving nearer to their customers, buying a tag company, and increasing the size of their labor force.

He faced competition from the French companies. Moreover, if his boxes were too expensive, consumers might find a substitute product in which to pack jewelry.

Students should recall from the reading the discussion of his need for additional capital (p. 82).

Dennison lost absolute control of the business, although he kept most of his power since he still had invested more than half of the capital.

Students should see that the Dennisons turned to making jewelry boxes and tags because they perceived that they could make a greater profit by making those products than others. They gambled that, given the current demand and supply for those products, they could compete successfully.

Students should see that the Dennisons searched for production methods that would lower costs per jewelry box produced.

24 The Business Firm (II)

Knowledge Objectives

- A. To know the advantages a corporation has over an individual proprietorship or a partnership
- B. To know how a corporation operates
- C. To know that competition brings about efficiency in business by forcing manufactures to provide better goods at lower prices
- D. To know that businessmen sometimes try to avoid competition so that they can charge higher prices

Method of Inquiry Objective

To be able to make inferences from a narrative account

Materials

Reading 24

► What advantages did Dennison seek in incorporating?

Students should recall from the reading that he sought limited liability, permanent company life, and ease in raising additional capital.

► Who owns a corporation? What do the owners receive in return for their investment? Who controls a corporation? What is the role of the board of directors?

Students should refer to the reading for the answers to these questions.

► Let's shift to another issue. When and why did Dennison get its first serious competition? How might a competitor find out if Dennison was making high profits?

After the Civil War. Students should recall that a patent ran out. They should also infer that other businessmen sought a share of some of the high profits Dennison was making. Students might learn about the company's earnings from observing that the price of its stock was rising or from observing that the company was expanding.

► What did Dennison do in response to this new competition? If students need prompting, ask the following questions:

Students should recall most of the tactics listed below. Each should be discussed as students mention it.

► In what direct ways did Dennison compete more keenly?

The corporation cut prices and developed new products.

- ▶ How did Dennison increase its share of the market? It bought out competitors, started advertising campaigns, improved marketing methods, and opened foreign branches.
- ▶ How did Dennison lower its costs per unit produced? It installed better machinery and reorganized its structure.
- ▶ Was the economy better off as a result? Students should agree that it was, if the objective is to get the best possible goods to the consumer at the lowest possible price.
- ▶ Did Dennison welcome competition? No, it didn't. Students should recall that the company bought out competitors until it found out that men were starting companies to sell to Dennison.
- ▶ Why not welcome competition? Competition cuts profit margins.
- ▶ Would the economy have been better off if Dennison had bought out all of its competitors? Allow discussion. Students might argue that Dennison could then increase efficiency with a larger market. But be sure students also point out that a monopoly can charge prices as high as the market can bear, and that, without the spur of competition, Dennison could well lose the incentive to modernize and improve its new product development, production, and marketing.

25 The Case for Competition

Knowledge Objectives

- A. To know the theory underlying competition
- B. To know the characteristics of pure competition and pure monopoly

Method of Inquiry Objective

To be able to use evidence in support of an argument

Materials

Reading 25

Transparency 25a and Overlay 25b, Competition and monopoly (book of transparencies in A-V kit; facsimiles on *Guide* p. 153)

-
- | | |
|---|---|
| ▶ What is today's lesson about? | Students should see that it is about competition. |
| ▶ In terms of supply and demand, who are the competitors? | Students may suggest that, in a sense, consumers are competitors, because they look for the lowest prices, but essentially it is the suppliers who are the competitors. |
| ▶ For what are the suppliers competing? | Students should see that they are competing for a share of the market in order to sell goods to make a profit. |
| ▶ Let's look at the conditions necessary for pure competition. PROJECT TRANSPARENCY 25a. Cover the transparency with a piece of paper, and reveal each condition in turn, asking why each is necessary for pure competition. | Students may need to refer to the reading to understand why each is a requisite of pure competition. |
| ▶ FLIP OVERLAY 25b. How do these conditions differ under pure monopoly? | Encourage discussion of the data presented on the transparency, as students fill in the blanks. |
| ▶ Your neighborhood shoe repairman charges \$2 to half-sole a pair of shoes. Suppose he suddenly became the only shoe repairman in your town. Under the theory of competition, what would you expect to happen in terms of the price he charged and the number of shoes repaired? | Students will see that his price should go up, and he might take less work. |

► A number of other shoe repairmen move into town. What should happen to the number of shoes our man might be willing to repair? What might happen to the price he charged?

► What would keep our repairman from reducing his price far below the others? What would happen if he did?

► What does our shoe repairman consume in the process of producing his service of repairing shoes?

► What other things might he consume in his life?

► Under the theory of competition, everybody gets rich by selling for less. How does this work? How does it work for our repairman?

► Instruct students to review Reading 25 as well as prepare Reading 26 for the next class.

Students will see that he should be willing to repair more, and charge less, under competition.

Students will see that common sense would keep him from doing this. He would probably go bankrupt and ruin his health from overwork.

Students may suggest a number of things such as machinery, leather, space, polish. The point is that he is a consumer as well as a producer.

Here, students might suggest an endless list. Allow suggestions until the point is clear that he consumes a very great deal.

Allow discussion here. It is a crucial point. The producer as consumer *gains* by paying less for other things, so he comes out ahead or at least as well, even if he charges less. Also, with competition, everyone is encouraged to produce more, resulting in greater total wealth for the society.

26 Keeping Competition Alive (I)

Knowledge Objectives

- A. To know that competition results in certain kinds of economic freedoms
- B. To know that in the United States these freedoms are at times curtailed in the interest of security or the efficiency of large-scale production

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to listen thoughtfully to a point of view different from one's own

Materials

Reading 26

► Let's review yesterday's lesson. What is gained by maintaining competition?

► This sounds pretty good. Why would anyone want to limit competition?

► What freedoms does a competitive economic system give to its participants?

► What might we lose by pure competition?

Encourage students to work this through. They should conclude that because each individual increases his individual gains by increasing his production of goods and services rather than reducing them, the economy as a whole produces more and better goods and services.

Allow discussion. Students will see that people often want to limit competition to gain more security or greater efficiency.

Allow discussion, aiming at an explicit statement of the freedoms listed on p. 93, as well as the freedom to undersell someone else and take his business away from him.

Students should consider the costs of competition—that there are some losers under pure competition. As specific examples, students might list some of the following: small businesses in many fields (unable to compete successfully with large businesses), sense of security for young people (who must make their own choice of career), protection for those unable to compete (people now protected by

► In today's lesson, a number of cases were described in which someone sought to control competition. Summarize a few of those cases.

► Can you describe some different examples similar to those described in the reading?

► Why did the people in the examples we have discussed oppose competition?

► Can you think of cases in which pure competition could either push prices up or have bad social effects?

► Do increased security and lower costs for large-scale industries make it worthwhile to sacrifice pure competition?

unemployment insurance, Medicare, Social Security, minimum wage laws, etc.).

Encourage a number of students to recount several cases.

Students may know many from their own backgrounds.

In each case, it looked as if competition would either cut their profits or interfere with some goal they had, such as a good athletic team. In general, they preferred competition only as long as it did not interfere with their own security or aspirations.

Encourage discussion of two such situations: 1) industries like steel, aluminum, water, natural gas, and electricity, where larger plants can usually produce more cheaply than smaller ones; 2) situations in which individuals are not strong enough to compete (retired people now aided by Social Security and Medicare, unskilled workers now aided by minimum wage laws, etc.).

Encourage students to clarify their positions. But do not attempt to reach a consensus, as students' answers to this question will depend on their values.

27 Keeping Competition Alive (II)

Knowledge Objectives

- A. To know that the government can influence the market in a number of ways
- B. To know the meaning of “oligopoly” and “monopoly”

Method of Inquiry Objectives

- A. To be able to abstract principles from a narrative account
- B. To be able to identify and analyze points of view in a recording

Materials

Reading 27

Record, Side 1, Band 2, The steel crisis of 1962 (record in A-V kit; script on *Guide* pp. 153-156)

► Let's look at the background of the steel confrontation. Why do the major steel companies constitute an oligopoly? How does this differ from a monopoly?

► How might a change in steel prices affect the prices of other products?

► Now let's listen to a statement by President Kennedy, and comments from the press, made in the midst of the controversy.

► PLAY RECORD, SIDE 1, BAND 2. (This band has two lock grooves.)

► LOCK GROOVE 1. Pause to ask: Why was Kennedy so angry at the price rise? How did Kennedy think the pure market model should be modified?

Students should see that the big steel companies, few in number, control most of the market. Students might note that most major steel companies were prepared to make the same price hike at the same time, suggesting an oligopoly.

Students should see that steel is used in the production of many other goods, from forks to automobiles.

Students should recall that the President believed a price rise would promote inflation (a general rise in prices); that it was not needed by the steel companies; and that large corporations should not disregard the public interest. Kennedy believed that a steel company should not set prices solely on the basis of supply and demand. Partly because of the fact that steel is an oligopoly, he believed that

► LOCK GROOVE 2. Pause to ask three questions: What were the arguments of the newspapers opposing Kennedy?

► What were the arguments of the newspapers supporting Kennedy?

► Why do you think there was such disagreement in the press?

► END OF BAND. What was *Time's* analysis of why the steel companies raised prices?

► From the evidence in the reading, what were some of the methods the administration considered using to turn back the price rise?

► The steel confrontation was clearly a case of conflict between big business and big government. Which side do you think was right? Why?

the companies should heed public needs as well as their own desire for profits.

They argued that government should not meddle with the market, and that the price rise was needed by the steel companies.

They argued that the steel companies were unpatriotic and that the price rise would lead to inflation.

Students might suggest different values placed on the pure market, different notions of how a vigorous market economy can best be maintained, and partisan politics.

Students should recall that profits were slipping, and that the steel companies wanted more capital with which to modernize in order to face growing competition from foreign steel companies and producers of steel substitutes.

Students should recall several methods, such as personal persuasion, mobilization of public opinion, anti-trust suits, and curtailment of government contracts.

Allow discussion. Students should touch upon the issues of the government's role in a market economy, and the effects of oligopoly on competition. Do not try to reach a consensus.

28 The American Executive

Knowledge Objective

To know that most executives are subject to pressures limiting their ability to operate competitively

Method of Inquiry Objectives

- A. To be able to abstract information from a table
- B. To be able to think in terms of a number of factors influencing decision-making

Materials

Reading 28

Transparency 28, Automobile market (book of transparencies in A-V kit; facsimile on *Guide* p. 156)

► Where along the spectrum between pure competition and pure monopoly would you fit the automobile industry?

► Ford was an individual proprietorship, not a corporation, in the 1920's. Furthermore, there were no unions then at Ford. The government played a minor role in the industry. And Ford owned or controlled most of his supplies. What pressures *was* he subject to? Fill in a solar-system type diagram on the chalkboard, with "President" in place of the sun, and the various pressures in place of the planets (similar to the diagram on p. 101) as students make suggestions.

► What additional forces influence a modern corporate president?

► What might happen if an executive ignored any of those forces?

Encourage discussion of the characteristics of pure competition and pure monopoly discussed in Reading 26. The automobile industry is an oligopoly near the monopoly end of the spectrum.

Students may suggest that he was subject to pressure from vice-presidents and staff, from customers, and, to a small extent, from government and other power groups in the community.

As students list additional forces, add new "planets" to the solar-system diagram. Discuss each force as it is listed. A completed diagram should look like the one on p. 101.

Students should see that the company might lose business.

► **PROJECT TRANSPARENCY 28.** What does this table tell us about the total number of automobiles sold?

► Was the automobile market in 1911 competitive, oligopolistic, or monopolistic? What is your evidence?

► How would you describe the automobile market in 1931?

► Why do you suppose this change occurred?

► What happened to Ford's share of the market during the 1920's? What pressure did Ford fail to respond to?

► How would you guess Ford managed to stay in business, despite the challenge from General Motors?

► What might happen if a modern executive tried to ignore pressures from his vice-presidents and staff?

Students should see that it tells us nothing about the number of automobiles sold.

Students should see that it was fairly competitive. Smaller companies had 62.3 per cent of the market, and the Big Two (Ford and General Motors) only controlled 37.7 per cent.

It had become oligopolistic. Only three producers (Ford, General Motors, and Chrysler) controlled 81.2 per cent of the market.

Students might suggest that increased use of mass-production methods made large-scale production much cheaper than small-scale production. This gave large companies a competitive advantage. Also, larger companies could more easily provide widespread service.

Students should see that Ford's share fell. They should infer that Ford failed to respond to pressure from customers, who wanted more variety in automobiles than Ford was willing to offer.

Students might guess that he competed by producing a wide variety of automobiles, and that he retained a reservoir of goodwill on the part of customers long-satisfied with Ford cars.

Students should see that an executive needs cooperation from his assistants. Otherwise, they could frustrate his plans by not working as hard as they otherwise would, or by not interpreting orders accurately.

29 Summary: The Changing Market Economy

Knowledge Objectives

- A. To know the four main reasons why the government has acted to modify pure competition
- B. To know that decisions involving the role of government in economic policy are complex

Method of Inquiry Objectives

- A. To be able to work effectively in a group
- B. To be able to apply principles learned in one situation to another situation

Materials

Reading 29

Class Handout 6, Private versus public housing (handout master in A-V kit; facsimile on *Guide* p. 157)

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- | | |
|---|--|
| ▶ What does <i>laissez-faire</i> mean? | Students should recall from the reading (p. 103) that it means an economic policy in which government does little or nothing. |
| ▶ Why did Adam Smith believe that the economy would benefit if everyone pursued his own self-interest? | Students should understand that Smith believed that because consumers were free to choose from whom to buy, pursuit of self-interest would lead producers to produce goods and services as cheaply and as efficiently as they could. |
| ▶ What are some reasons the United States has modified the pure market system favored by Adam Smith? | Students should recall that the United States has modified the free market mainly in response to large-scale industry, a growing interest in human rights, the growing expense of national defense, and new social concerns. |
| ▶ Have Adam Smith's ideas ever been fully tested in the United States? What is your evidence? | Students should recall that they have not. For evidence, they can refer to the governmental activities described in Reading 22 (pp. 76-79). |
| ▶ GROUP WORK. Divide the class into four groups. DISTRIBUTE HANDOUT 6. Allow two to three minutes for students to read it. Then assign two groups to draw up arguments for private housing, and the other two groups to draw up argu- | |

ments for public housing. Allow ten to fifteen minutes. Tell each group to choose a chairman who will also serve as a reporter. Ask for reports from the two groups favoring private housing. List their main arguments on the chalkboard. Ask for reports from the two groups favoring public housing. List their main arguments on the chalkboard.

► Take a class vote in which students should express their own views to see if the class can agree on whether private or public housing would be best for the model town.

► Why do you think the results of the vote were not unanimous?

► How much of a role do you think the government should play in housing in the United States?

The odds are strong that the vote will be far from unanimous.

Students could suggest that much of the disagreement stems from differences in values.

Allow discussion, making sure that the questions of public housing, or some mix of public and private housing, are debated. Do not press for a consensus.

Unit Four

What and How in a Command Economy

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know that a command economy faces the same basic problems as a traditional or market economy
- B. To know that choices in a command economy are made through a centralized planning agency
- C. To know that economic decisions in a planned economy involve thousands of interrelated factors
- D. To know that the Soviet Union is similar to czarist Russia in many ways
- E. To know the five core elements of the Soviet economy
- F. To know that late industrialization has had a profound effect on the Soviet economy
- G. To know that every economic system has pressures from conflicting interests
- H. To know that if formal lines of authority do not produce the desired goal, informal lines of authority may develop
- I. To know that the Soviet executive, in addition to his unique problems and functions, shares many problems and functions with the American executive
- J. To know that the Soviet economy has moved away from the model of a pure command economy

Method of Inquiry Objectives

- A. To be able to see implications beyond an immediate result
- B. To be able to abstract principles from a narrative account
- C. To be able to see the analogy between a model and the real world
- D. To be able to correlate photographic data with narrative data
- E. To be able to make inferences
- F. To be able to abstract similarities from seemingly diverse situations
- G. To be able to use evidence in support of a statement
- H. To be able to make generalizations
- I. To be able to detect trends

Attitude and Value Objectives

- A. To be willing to consider the economy of a Communist nation calmly and analytically
- B. To be willing to see the similarities, as well as the dissimilarities, between the economies of the United States and the Soviet Union
- C. To be willing to accept the fact that most generalizations need to be qualified
- D. To be willing to use data in support of hypotheses

30 The Command Economy as an Organizing Device (I)

Knowledge Objectives

- A. To know that a command economy, like a market and a traditional economy, must make choices based on economic scarcity
- B. To know that choices in a command economy are made through a centralized planning agency
- C. To understand that economic decisions are interrelated: A decision made in one sector affects other sectors of the economy

Method of Inquiry Objectives

- A. To be able to see implications beyond an immediate result
- B. To be able to integrate a number of economic concepts

Materials

Reading 30

-
- ▶ Let's review the three types of economic systems, remembering that no "pure" types exist in the modern world.
 - ▶ How does each answer the basic economic questions of *what*, *how*, and *for whom*?
Have students state how each of these questions is answered in a traditional, a market, and a command economy.
 - ▶ Why must each economic system make choices?
Students should recall that economic decisions must be made because of economic scarcity.
 - ▶ What do we mean by "economic scarcity"? by "alternative costs"?
Press for an explicit statement that wants always exceed the supply of goods and services. The cost of doing any one thing has to be measured in comparison to alternatives that are foregone by doing that one thing.
 - ▶ Why must economic scarcity exist in a command economy? Can't scarcity be "planned out"?
Allow discussion. Students should see that in a command economy there are also choices to be made about what to do with scarce resources.
 - ▶ How, for example, is scarcity involved in a decision to build ten additional schools?
Students should see that material and labor used for schools cannot be used for housing, or factories, or other purposes.

► How is scarcity tied to interrelatedness?

► How would the principle of interrelatedness be applicable in the Eskimo economy? Give an example.

► How did interrelatedness affect the American economy when the government set high prices on hogs during World War II?

► Suppose that the government decided to leave the prices of corn and hogs alone. Let's further suppose that the government needed more industrial alcohol and more oil. What would it have to do?

► How many separate decisions might become involved in this one decision to get more oil and alcohol?

► Is it easy to plan an economy? Why or why not?

Encourage discussion until the point seems clear that because of scarcity any allocation of resources for one purpose means that those same resources cannot be used for other purposes.

Students should understand the point that if, for instance, an Eskimo wants more seal meat, he will have to spend more time hunting seals and less time in such other activities as teaching his children his skills, hunting caribou, training his dogs, telling stories, and repairing sleds. He also may have to use more of the dried food supplies for extended hunts, a greater share of the furs for warm clothing, and generally consume a larger portion of the family's goods to achieve his goal.

Encourage students to use the diagram on p. 110 of the reading to trace the reactions set off by this decision.

Refer students to the left-hand column of the diagram. More tankers would be required. Tankers are made of steel. Hence we would need more steel. This decision would require more iron ore, more coal, more steel mills, etc.

Encourage students to see that the number is infinite. Keep tracing back the implication of each decision. Getting more iron ore, for example, requires more steel for shovels to dig iron ore. More steel for shovels, in turn, requires more iron ore itself.

Students should be able to see how complex planning is. Encourage discussion until this point is made explicitly.

31 The Command Economy as an Organizing Device (II)

Knowledge Objectives

- A. To know that economic decisions in a planned economy involve thousands of interrelated factors
- B. To know that planners must gather facts, have access to know-how, make judgments about what is best to do, and decide how to get people to go along with their decisions

Method of Inquiry Objectives

- A. To be able to abstract principles from a narrative account
- B. To be able to make inferences

Materials

Reading 31

Class Handout 7, Exercise on command economy's interrelationships (hand-out master in A-V kit; facsimile on *Guide* pp. 157-158)

- What is the reading about?

Students should see that the reading focuses on the problems of planning an economy in the face of interrelatedness.

- Look at the four questions on p. 114 of the reading. Which of the four can be answered mainly by facts? List answers to this and the two questions below on the chalkboard in abbreviated form.

Students should see that Question One can be answered mainly by facts.

- Which of the four can be answered mainly by know-how?

Students should see that Question Two, and possibly Question Four, can be answered mainly by know-how.

- Which of the four questions can be answered mainly by judgment?

Students should see that Question Three, and possibly Question Four, can be answered mainly by judgment.

- Based on your answers to those questions, what kind of a staff do you think the Planning Czar should assemble so that he could sleep better and avoid ulcers?

Encourage discussion. He would probably need statisticians to gather facts. He would need engineers and planners with technical know-how. And finally, he would need personal advisers to help him in making judg-

ments. The Ruling Czar would, of course, make the overall judgments about the economy's goals.

► **DISTRIBUTE HANDOUT 7.** Tell students to read the material under “The Facts” and “The Decision.” Then give them a few minutes to trace the series of complications, filling in the blanks. Call on six students in turn, asking each to say how one of the six blanks should be filled in.

► In arriving at your answers, did you need to use facts, know-how, or judgment, or some combination of the three?

► Who made the value judgment?

► If Wisteria is to produce one hundred more orsles next year, what will have to happen to orsle consumption this year?

► What kinds of pressure is the Planning Czar subject to?

► How free, then, is the Planning Czar to run the economy the way he wants to?

Students should see that they needed facts (“To make one hundred more orsles, you need fifty more iglons,” etc.) and know-how (figuring out the complications.)

Students should see that the Planning Czar made the value judgment. He decided that Wisteria should produce orsles.

Make sure students understand that producing one hundred more orsles will mean that orsle consumption would have to be cut for the current year. Otherwise, there would be no orsles to make the extra iglons needed to make the extra marthrns needed to make the extra orsles.

Students should see that he must please the Ruling Czar, and that he must also keep the workers reasonably happy or they will not do their work well. (Recall the problems with West Division orsle workers described on p. 113 of the reading.) The Planning Czar must also respond to the problems caused by interrelatedness.

Allow discussion. Do not press for a consensus, but make sure students cite the ways in which he is free and the ways in which he is not.

Chapter 8 *How the Soviet Union Modifies the Command Economy*

32 Historical Backdrop for the Soviet Union

Knowledge Objectives

- A. To know that the economy of the Soviet Union has been shaped by its history and by the values of its leaders
- B. To know why high agricultural productivity is a precondition for industrialization
- C. To know the main characteristics of the czarist economy
- D. To know how the czars and the Communists tried to raise agricultural productivity and promote industrialization

Method of Inquiry Objectives

- A. To be able to abstract information from pictures
- B. To be able to integrate economics and history

Materials

Reading 32

Filmstrip 3, The Russian economy in the nineteenth century (container 3 in A-V kit)

► Why do we look at Soviet history to understand the Soviet economy?

Encourage students to state explicitly that the economic system of every society is shaped by its history, its geography, and its values.

► Why did the czarist regime sponsor industrialization in the 1890's?

Students should see that it was mainly to build a modern military machine.

► Why did the Communist regime continue to push for industrialization?

Students should recall Lenin's belief in heavy industry as a means of eventually raising the standard of living and of protecting the Soviet Union from the capitalist powers (p. 118).

► Why did both the czarist and Communist regimes try to raise agricultural productivity?

Students should see that the regimes tried to raise agricultural productivity in order to feed the growing number of industrial workers.

► What was NEP? Why was it inaugurated? What was it followed by?

Students should recall that NEP reinstated a degree of capitalism; that its main purpose was to placate the peasants; and that it was followed by the first Five Year Plan and collectivization of agriculture.

► Now that we have some idea of the history of the Soviet Union, let's go back and see what shape the country was in when reforms and revolutions began to stir at the beginning of the twentieth century. Most of the photographs on the filmstrip you are about to see show Russia in the 1890's, its first era of industrialization.

► Judging from the photographs you are about to see, what shape would you say Russian agriculture was in? What kinds of agricultural equipment were used? PROJECT FRAMES 1-6 OF FILMSTRIP 3.

► In this same period, American farmers were using mechanized reapers. Would you guess that the American farmer or the Russian peasant produced more? How did that help the United States industrialize earlier than Russia?

► How would you describe Russian transportation in the 1890's? PROJECT FRAMES 7-10.

► How would you describe Russian markets? PROJECT FRAMES 11 AND 12.

► What about industry in the 1890's? PROJECT FRAMES 13-17.

► How far had Russian industrial development progressed by 1910, compared to industrial development by other major powers? PROJECT FRAME 18.

► How, then, would you describe the Russia which Lenin inherited from the czars?

► If time remains, ask further questions based on the reading.

Students should see that Russian farming was primitive. No new kinds of agricultural equipment had been added in hundreds of years.

With machinery, the average farmer in the United States could feed more people than the average peasant in Russia. Thus more of the human resources of the United States were freed for factory jobs.

Students should see that it was mostly primitive, although there were some railroads and steamships.

Again, they were primitive, implying limited specialization.

Students should note the absence of large factories and complex machinery.

Students should see that Russia lagged far behind the United States and Great Britain.

Students should note that the economy was based on subsistence farming with crude tools, but that a beginning had been made toward industrialization.

33 Making Planning Work (I)

Knowledge Objectives

- A. To know that the Soviet economy has five core elements: nationalization of most productive resources, centralized distribution of key materials, collectivization of agriculture, comprehensive planning, and control through the Communist Party
- B. To know that late industrialization has had a profound effect on the Soviet economy

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to make inferences

Materials

Reading 33

► The reading selects two key facts of Russian history that have had a profound impact on Soviet economic development. What are they?

► The Russian people, then, have not had political freedom under either the czars or the Communists. How does this relate to economics, to how Russians expect the basic economic questions to be answered?

► How does political freedom in the United States affect our economic system?

► Five elements are central to the Soviet command economy. Let's look at them one by one to understand their meanings clearly. What does "nationalization" mean?

Students should recall from the reading that "political freedom" means something different in the Soviet Union than in the United States, and that Russia started industrializing later than most Western powers (p. 119).

Allow discussion. The relationship between a political system and an economic system is quite close, particularly in a command society. The Russian people, however much they may wish to have more economic freedom, have probably come to expect that the main economic decisions will be made for them by their rulers.

Work for an explicit statement that, at least in theory, we choose our economic system through voting. We can, for example, choose between a candidate who favors Medicare and a candidate who opposes it.

Encourage students to state a precise definition: government ownership of the principal means of production and distribution.

► Why did Marx feel that nationalization of most productive resources was necessary?

► What does “centralized distribution” mean? What economic questions does it answer?

► What are “key materials”?

► What is “collectivized agriculture”?

► Why is comprehensive planning necessary in a command economy? What is Gosplan’s job?

► What does control through the Communist Party have to do with values in the Soviet economy?

► Compare the roles of government in economic life in the Soviet Union and the United States.

Allow discussion until the point seems clear that Marx saw history as a struggle to gain control over the means of production. Encourage students to give examples from p. 120 of the reading.

It means that the *for whom* question is to be answered mainly by a ruler, or by a small ruling group.

Students should suggest capital goods, and the resources which can be used to produce capital goods.

Encourage students to see that collectivized agriculture is very much like nationalized industry. It means that the ownership of the means of production (fields, tractors, etc.) is shared, or communal.

Students should recall from Readings 30 and 31 that comprehensive planning is necessary because of interrelatedness. Gosplan’s task is to put the interrelated pieces together.

Students should recall from the reading (pp. 121-122) that Gosplan provides only facts and know-how. Value judgments and a general direction for the economy are determined by the Communist Party.

Allow discussion. Students could suggest that while the American government sometimes regulates the economy, it leaves the main decisions up to private producers and consumers. In the Soviet Union, the government’s role is pervasive.

34 Making Planning Work (II): The Zis Man

Knowledge Objectives

- A. To know that every economic system has pressures from conflicting interests
- B. To know that if formal lines of authority do not produce the desired goal, informal, supplementary lines of authority may develop
- C. To know that informal arrangements operating within a formal organization may be tolerated because they help achieve the overall goals of the organization

Method of Inquiry Objectives

- A. To be able to abstract similarities from seemingly diverse situations
- B. To be able to use evidence in support of a statement

Materials

Reading 34

Transparency 34, List of colloquial American expressions (book of transparencies in A-V kit; facsimile on *Guide* p. 158)

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| ▶ What does today's reading have to do with making planning work? | Allow a few minutes of discussion. Try to build up to the idea that the reading has to do with how the command economy "plans in" unplanned needs. |
| ▶ What does a Zis man do? | Have a student read the job description as stated on p. 124 of the reading: "My specialty is eliminating bottlenecks and oiling the wheels of industry." |
| ▶ What is his economic function? | Allow discussion to continue until the point seems clear that his job is to coordinate the needs of the planner and the capacity of the plant manager. |
| ▶ Why is a Zis man necessary? | Encourage students to understand that in a planned economy, as well as a market economy, unforeseen events occur. |
| ▶ What choices are open to an American factory manager, but not to a Soviet manager, caught in short supply of a needed product? | Have students refer to the reading to indicate that fewer means of fulfilling supply are open to the Russian. |

► Who supports the Zis man formally or openly?

► Who supports the Zis man informally?

► Why does the accountant support the Zis man? Why are the director, chief cashier, party secretary, and the staff man on the side of the Zis man?

► Does a command economy make a Zis man necessary?

► PROJECT TRANSPARENCY 34. What do these phrases refer to? As time permits, you may want to analyze the phrases individually or in groups to see that we have counterparts to the Zis man in the American economy.

► Can you think of other phrases that refer to people who perform the same function?

► Are such people necessary in a market economy?

Students should see that no one formally or openly supports him.

Students should refer to the reading to see that he is supported financially by the plant manager through his accountant.

Students should understand that it is to the advantage of each to see that the plan is carried out.

Allow discussion on this question. Students will probably argue for and against. Do not resolve the question, but ask a student, in summary, to state why the Zis man does exist.

Students should be encouraged to see that our system also calls for people to “oil the wheels” and “eliminate bottlenecks.”

Students may suggest other slogans.

Again, allow free discussion, leaving the question open. Ask for a statement as to why we have such phrases in our language. Encourage discussion to the point that they refer to functions similar to those performed by the Zis man.

35 The Soviet Executive

Knowledge Objectives

- A. To know that the Soviet executive shares many problems and functions with the American executive
- B. To know that the Soviet executive has unique problems resulting from his position in a command economy

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to make inferences

Materials

Reading 35

Transparency 35, Flow chart of reports and orders (book of transparencies in A-V kit; facsimile on *Guide* p. 159)

► Let's put our Soviet executive into context by reviewing for a minute. What are the five core elements of the Soviet economy?

Students should recall from Reading 33: 1) nationalization of most productive resources; 2) centralized distribution of key materials; 3) collectivization of agriculture; 4) comprehensive planning; 5) control through the Communist Party.

► Let's see how our man fits onto a diagram. PROJECT TRANSPARENCY 35.

► From where to where does information flow?

Students should see that information flows up the pyramid of authority.

► From where to where do orders flow? How does the flow of information help produce the flow of orders?

Students should see that orders, based on information flowing up the pyramid, flow down the pyramid.

► What does any executive do?

Students should recall from the reading (p. 125) that he manages resources.

► Where would our Soviet executive be on this diagram?

Encourage discussion, aiming for the point that executives are on all levels of the chart, and on a number of levels not shown.

► What kinds of decisions are made at each level? Use the steel industry as an example:

► Who decides how much steel is needed? (Communist Party) Who decides how many steel mills should be built? (Gosplan) Who decides how much iron will be allocated to a steel mill? (regional economic council) Who sets steel production quotas for each worker? (executive in local factory)

► Let's compare the manager of a steel mill in Volgograd with the manager of a steel mill in Gary, Indiana. In what ways are their situations similar?

► How is the American manager likely to differ from the Soviet manager?

► Why is the American manager likely to place greater emphasis on labor-saving devices?

► Why is the Soviet manager likely to place less emphasis on labor-saving devices?

► Why would an advertising agency probably have a difficult time selling its services to a Soviet manager?

Students may need help in understanding that the Central Committee of the Communist Party sets basic policy; Gosplan translates policy and goals into plans and allocations; regional economic councils administer plans by regions; executives of factories and collective farms set quotas which will fulfill the plans. You may want to ask a series of questions from the left-hand column until students understand where different responsibilities lie.

Students could suggest that both manage resources; that both are probably college-educated; and that both are subject to a variety of pressures.

Students could suggest that the American factory manager is likely to be better paid, to have more decision-making power, and to place greater emphasis on labor-saving devices and marketing.

Encourage discussion. Labor is the main cost of most businesses, particularly when there is pressure from labor unions.

Students should infer from the reading (p. 127) that the Soviet manager is judged mainly on production and efficient use of physical resources, rather than on efficient use of human resources.

Students should see that there would be little demand for such services from a manager who is judged by production, not sales.

36 Summary: The Changing Command Economy

Knowledge Objectives

- A. To know that the Soviet economy has moved away from the model of a pure command economy
- B. To know that adjustments have had to be made to meet the problems created by the growing complexity of the Soviet economy

Method of Inquiry Objectives

- A. To be able to make generalizations
- B. To be able to detect trends
- C. To be able to abstract principles from a number of concepts

Materials

Reading 36

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| ▶ How would economic decisions be made in a pure command economy? | Encourage discussion. All decisions—what to produce, how to produce it, and how to distribute goods and services—would be made by a central planning group. Nothing would be left to the market. |
| ▶ What are the core elements of the Soviet economy? | Students should recall these five elements quickly. |
| ▶ Which of these five core elements was being attacked most strongly after Khrushchev's ouster? Was the attack full or partial? | Comprehensive planning was most under attack. Students should see that a modification of comprehensive planning does not imply a retreat from nationalization or from the three remaining core areas. |
| ▶ What directly alarmed Soviet economists in 1964? | Students should refer to the reading to see that 1964 saw the smallest annual increase in GNP since 1946 (p. 129). |
| ▶ What is GNP, and what was the significance of the failure of the Soviet Union's GNP to grow rapidly? | Students should refer to the reading to see that it stands for total value of goods and services produced. Press for an understanding that failure to grow rapidly threatens a basic value of the Soviet economy—economic growth. |

► Under pure command, how are the decisions made that fall under comprehensive planning?

► Under a pure market model, who makes the decisions?

► Why did Professor Liberman issue his manifesto?

► Which of Professor Liberman's six suggestions were directly designed to reduce inefficiency?

► What would his suggestions do to the Zis man, if they proved fully successful?

► How might those suggestions have given the Planning Czar in Reading 31 an easier time with his orsles and wampsickles?

► Who would then make those decisions which no longer would have to be made by the Planning Czar?

► On what would the factory managers base their decisions?

► Why has the Soviet Union adopted some of Liberman's suggestions?

► If Liberman had his way, how would the Soviet economy differ from the market economy of the United States?

Encourage discussion until the point seems clear that they are made by the planners (Gosplan) and channeled through regional economic councils.

Encourage students to state explicitly that no one person or group makes the decisions. All producers and consumers make the decisions, governed by the law of supply and demand operating under pure competition.

Students should see that the Soviet Union had suffered from a slackening in rise of GNP, at least partly caused by inefficiency.

Students should refer to p. 129 of the reading, and see that his first and fourth suggestions were designed to reduce inefficiency.

The Zis man would be put out of business.

Students should infer that Liberman's suggestions would partly decentralize planning, leaving the Planning Czar with fewer interrelated actions to worry about.

Students should see that those decisions would be made by local factory managers and consumers.

Students should refer to p. 131 of the reading to see that they would base their decisions on profits—supply and demand.

Students may refer to p. 131 of the reading to see that Kosygin has cited the growing complexity of a large, interrelated economy. This, he implied, has created the need for modifying the pure command model.

Allow students to speculate and infer. Students should note that there still would be overall planning by the government.

Unit Five

Distributing What Economies Produce

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know the three factors of production: labor, land, and capital
- B. To know that supply and demand govern the factor market in a market economy
- C. To know how Adam Smith attempted to explain wage differentials
- D. To know that Smith's analysis does not completely explain wage differentials in the United States
- E. To know that wages are not the only consideration in a worker's decision to sell his services
- F. To know that labor unions were a response to working conditions
- G. To know that labor unions try to influence the way the economy answers the *for whom* question
- H. To know a few of the most important problems labor unions face in the 1960's
- I. To know that profits serve many functions in a market economy
- J. To know how income is distributed in the United States
- K. To know the correlations between income and race, age, region, and education
- L. To know some of the ways in which the market has been modified in the United States, and how these modifications affect the *for whom* question
- M. To know that Marx thought each person should produce goods and services according to his ability, and receive them according to his needs

- N. To know that the Soviet Union, in the 1960's, expects people to contribute according to their ability and to receive according to their work
- O. To know how the Soviet Union controls its labor market
- P. To know the general state of wage differentials in the Soviet Union

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to understand and use a model
- C. To be able to interpret social data
- D. To be able to abstract information from a filmstrip
- E. To be able to infer the underlying values and attitudes revealed in a recording
- F. To be able to interpret statistical data
- G. To be able to see similarities in diverse materials and situations
- H. To be able to see how the same evidence can be used to support a number of different points of view

Attitude and Value Objectives

- A. To be willing to revise a hypothesis when presented with conflicting data
- B. To be willing to question popular assumptions
- C. To be willing to examine the Soviet Union with a critical but open mind

Chapter 9 **Distribution in the Modified Market Economy**

37 Model of the Factor Markets

Knowledge Objectives

- A. To know the three factors of production: labor, land, and capital
- B. To know that each factor of production has to be considered in answering the *for whom* question in a market economy
- C. To know that in a market economy, the factor market is governed by supply and demand

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to apply principles learned in one situation to another situation

Materials

Reading 37

► If you were explaining the factors of production to a person from a traditional society, how would you go about it?

► Let's go over them. What does "labor" mean?

► What about "land"?

► What about "capital"?

► When we say that an economic system answers the *for whom* question, what are we saying?

► Let's look at Crusoe's economy in the last stage of development. What

Encourage students to give their versions, aiming for a statement in their own words that factors of production are the resources used in production of goods or services.

Students should refer to p. 135 of the reading to get an idea of the scope.

Again, students may gain an idea of the breadth this concept covers by referring to p. 135 of the reading.

This is a more complex question. Work toward a clear statement that "capital" has two different meanings in economics. Sometimes the term means the actual capital goods. It may also refer to money that is spent or that can be spent to buy those capital goods.

Students should see that it answers the question, What part of the total production of that economy shall go to each of the various factors of production?

Encourage discussion. Supply and demand principles produce the higher

elements of the market do you find here?

► In the real world's market economies, who decides how much should be paid (interest) for the loan of money (capital) with which to buy machinery (capital)?

► Why does the president of a university receive a higher salary than an instructor? Aren't each necessary to the functioning of a university?

► A city has decided to build two new schools, one near the downtown, the other on the outskirts. The same amount of land will be needed for each. Which tract of land do you think will be more expensive? Why?

► Can you think of examples where the supply of a factor is fixed?

► Can you give some examples where the supply is flexible?

► In summary, how are factor markets like the product markets we've discussed before?

wage paid to Saturday. Each man, in the whole scheme, works in his own self-interest.

Students should see that the market decides. If money is in short supply, and the demand for it is high, then the interest rates will be high. You may want to make this point clear with the following example:

You need to make a payment on a camera, with which you earn money by taking pictures at school dances. Your brother will lend you the \$10 for a month but charge \$1 interest. (You thus will have to pay him a total of \$11.) No one else will lend you the money. What do you do? (Pay the high interest.)

Press for the point that the skills involved in being a president are considered to be in shorter supply than those involved in being an instructor.

Students should be able to guess that the downtown land will be more expensive, since that land is in shorter supply and higher demand.

Students may suggest a number of fixed factors similar to the amount of land available in Manhattan—barring landfill. The following list may be used to augment discussion: trained astronauts, in any one year; the size of Lake Michigan; superb, hand-made violins.

Again, students should see a number of flexible factors. The following list may be used to augment discussion: teen-agers in the labor market; size of forests; number of steel mills.

Press for an explicit statement that both are governed by supply and demand.

38 How Labor Markets Work (I)

Knowledge Objectives

- A. To know that Smith's categories are an attempt to explain wage differentials within a competitive market
- B. To know that there are factors other than the ones suggested by Smith that influence wages in the United States

Method of Inquiry Objectives

- A. To be able to use information obtained in one situation in another situation
- B. To be able to understand a model and to see its usefulness and limitations

Materials

Reading 38

Class Handout 8, Wages of truck drivers (handout master in A-V kit; facsimile on *Guide* p. 159)

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| <p>► In a purely competitive market, how are wages set?</p> <p>► What is Smith trying to describe?</p> | <p>Students should recall that they are set by supply and demand.</p> <p>This is a difficult and critical question for understanding the lesson. He is trying to explain why some wages are higher than others, in terms of supply and demand.</p> |
| <p>► Summarize briefly, in your own words, the five factors Smith believed to influence wages.</p> | <p>Students should refer to pp. 139-141 of the reading, but summarize in their own words.</p> |
| <p>► Who decides which occupations are honorable or dishonorable?</p> | <p>Students should be encouraged to see that this depends on the values of a particular society.</p> |
| <p>► Can you think of a situation where an honorable job earns low wages?</p> | <p>Students should have little trouble in suggesting members of the clergy, missionaries, Peace Corps workers, VISTA workers, and the like.</p> |
| <p>► Why do they receive less money?</p> | <p>The honor or prestige attached to the job is considered part of the payment (psychological income).</p> |
| <p>► Let's look at some modern examples. How well does Smith's analysis work? Give some examples where</p> | <p>Press for a clear statement that wages are determined by more than one factor operating at a time. Students</p> |

Smith's analysis seems to explain differences in wages.

► How did you do with your assignment to explain the union hourly wage rates for Boston drivers in terms of Smith's categories? Will someone tell us how he worked it out?

► **DISTRIBUTE HANDOUT 8.** Compare these Chicago figures with the Boston figures. How might Smith explain the differences?

► If Smith's analysis doesn't explain the differences, what might?

► Does this mean that Smith's analysis is useless for explaining wage differences in a complex market economy like that of the United States?

should be able to suggest a number of examples. Work with the ones they suggest, but you may need to augment discussion with some of the following suggestions:

Supreme Court justice—high wages (honor, difficulty in learning, great trust, improbability of success)

Movie star—high wages (honor, difficulty in learning, inconstancy of employment, improbability of success)

Call on several students to explain their analyses. Students need not have arrived at a perfect fit in each case. Save discussion as to why not until later. The main point here is that many do seem to fit into Smith's categories.

Students should eventually realize that Smith well might be stumped. Why, for instance, *should* armored-car drivers be better paid than bakery-truck drivers in Boston, but poorer paid in Chicago? And why *should* newspaper-truck drivers be better paid than oil-truck drivers in Boston, but poorer paid in Chicago?

Students could suggest history and tradition (perhaps fewer Chicagoans have been interested in driving oil trucks); power politics (perhaps Boston bakery-truck drivers have weak union representation); etc.

Allow discussion. Students should understand that Smith's analysis is useful as a first step, but that many other factors also will be needed to explain all wage differences.

39 How Labor Markets Work (II)

Knowledge Objectives

- A. To know that labor is exchanged in markets for a price
- B. To know that the prices of different types of labor change in relation to the demand for the type of labor offered and the supply of that type of labor in the market
- C. To know that the worker who is selling his services effectively must know where this service is wanted (demanded) and how to get a job
- D. To know that wages are not the only consideration in a worker's decision to sell his services

Method of Inquiry Objectives

- A. To be able to interpret social data
- B. To be able to use insight gained from one source in analyzing data from a different source

Materials

Reading 39

Transparency 39, Market for labor (book of transparencies in A-V kit; facsimile on *Guide* p. 160)

► PROJECT TRANSPARENCY 39.

► Ask students to compare the prices for the services (wages), demand for the services, and supply of the services of the people in Group I to those of most Americans.

Students should see that the supply of these people's services is much smaller than the demand, and that the prices for their services are very high.

► Compare recent changes in the price, the supply, and the demand for the occupations in Group II to those of other occupations in this country.

Students should see that the demand for these services has risen faster than the supply, and that prices have been rising faster than the prices for most services have.

► Compare recent changes in the price, the supply, and the demand for the occupations in Group III to those of other occupations in this country.

Students should see that the demand for these services has been falling faster than the supply, and that the prices for these services have been rising more slowly than the prices for most other services.

► GROUP WORK. Divide the class into four or more groups. Read the following instructions to the class:

"You need to earn \$100 for a senior class trip. You may not work over twelve

hours a week; you may not come home alone after midnight; you must live at home; and you must keep up your grades. How do you go about getting a job?"

Assign each group a skill that they have to sell, and instruct each group to elect a chairman and a reporter. Skills: baby-sitting; tutoring; delivery boy; part-time clerk; waitress or bus boy.

Allow ten to fifteen minutes for the groups to complete their assignments.

► Ask for reports: How would you find out what jobs were available? How would you find out the requirements of the job? How would you go about getting the job?

► Let's talk about Raymond. In your group work you had certain conditions that had to be met before you could take a job. What were Raymond's conditions?

► What were Raymond's skills?

► What did he know about the demand for his skills? Why didn't he know more?

► What did you do in your group work that Raymond didn't do?

► Is finding out the market's demands for a skill an important step if labor markets are to respond to changes in supply and demand? Why?

As students report, press for discussion of the three factors of the market that labor should be aware of (p. 142).

Students should see that Raymond had to support his family, and that he valued highly living at home. He was not mobile.

Students should refer to the reading to see that Raymond can "sell" the skills of a rolling-machine operator and a cement-maker.

Encourage students to refer to the lesson to see that Raymond didn't know much about the job opportunities and mistrusted the employment service which might have helped.

Students should be encouraged to see that they were trying to find out the market demands for their skills. Press for a clear statement of this point.

Allow discussion of this question until the point seems clear. The lack of complete information and relative immobility of workers makes the market less responsive to supply and demand.

40 The Impact of Labor Unions (I)

Knowledge Objectives

- A. To know which economic changes fostered the growth of labor unions
- B. To know that labor unions try to influence the answer to the *for whom* question
- C. To know something of the history of American labor unions and of American attitudes toward labor unions

Method of Inquiry Objectives

- A. To be able to abstract information from historical sources
- B. To be able to abstract information from a filmstrip

Materials

Reading 40

Filmstrip 4, The Homestead steel strike of 1892 (container 4 in A-V kit)

► Unit Five deals with the *for whom* question. Why should it include material about labor unions?

► Let's look at pictures dealing with the steel strike of 1892 in Homestead, Pennsylvania. The main issues in that strike were union recognition and wages. Ask, What seems to be happening in the first five pictures? PROJECT FRAMES 1-5 OF FILMSTRIP 4, discussing each picture.

► How do you think the conditions portrayed next helped promote a strike? PROJECT FRAMES 6-11, discussing each picture.

► How do you think workers' living conditions helped promote a strike? PROJECT FRAMES 12-17, discussing each picture.

► Judging from the excerpts in Reading 40, why do you think labor began to organize?

Students should be able to state explicitly that labor unions influence distribution by trying to obtain for their members a larger share of what is produced.

Students should be able to infer that the first five frames show a violent struggle between workers and company guards.

Students should see that working conditions were poor.

Students should correlate the poor living conditions with low wages and perhaps also with long hours, which left workers little time to care for their homes and families.

Students will suggest a number of reasons, particularly to obtain higher wages, shorter hours, and better working conditions.

► Judging from Adolph Strasser's testimony, what were labor's goals? Ask a student to read Strasser's testimony on p. 146.

► What was Mr. Baer's answer to men like the young machinist and Strasser?

► Why didn't labor accept Mr. Baer's offer?

► Why did labor continue to try to organize? What strength is there in collective bargaining?

► In what areas or types of work do you expect unions to have most success? Why?

► What kinds of industries would you expect to find most organized?

► What is the difference between craft unions and industrial unions? Which takes in the larger proportion of unskilled and semi-skilled workers? Why?

► Instruct students to review Reading 40, as well as study Reading 41, for the next class. Ask them also to try to interview a member of a labor union, and to be prepared to report to the class on his answers to the questions, "Why do you belong to a union?" and, "What is it you want your union to do for you?"

"Yes; we want to dress better and to live better, and become better off and better citizens generally."

Students should recall from pp. 146-147 that Baer believed that Christian company owners would take care of their workers.

Students should infer that Mr. Baer's view of the workers' needs was quite different from their own.

Encourage discussion until the point seems clear that collective bargaining, particularly by skilled workers who are not easy to replace, is more effective than bargaining by an individual worker, particularly a laborer, who may be easily replaced.

Encourage discussion. Students may suggest that unions might have more success where labor is skilled and hard to replace, where there are a large number of laborers in one community, and where labor is united because it has little prestige and little to lose by organizing.

Using the conditions suggested in the answer above, students should be able to guess that big industries, employing skilled labor and located in industrial areas, are the most heavily organized.

Students should refer to the reading (p. 148), and also infer that industrial unions include more unskilled and semi-skilled workers because they encompass all the jobs in a particular plant or industry.

41 The Impact of Labor Unions (II)

Knowledge Objectives

- A. To know some of the major problems faced by labor unions today
- B. To know the kind of spirit that motivated labor unions in the first half of the twentieth century
- C. To know why that spirit has decreased, and how the major concerns and problems of unions have changed

Method of Inquiry Objectives

- A. To be able to listen thoughtfully to a recording of songs for underlying values
- B. To be able to report orally on the findings of an interview
- C. To be able to abstract issues from an imaginary dialogue

Materials

Reading 41

Record, Side 2, Band 1, Three labor union songs (record in A-V kit; script on *Guide*, pp. 161-164)

Class Handout 9, Questions about labor songs (handout master in A-V kit; facsimile on *Guide*, p. 160)

► Let's review for a minute. When did labor unions become really strong in the United States?

► The pictures in the filmstrip we saw in the last class dated back to the 1890's. Why did it take unions so long to become strong?

► Let's listen to three labor songs to see some of the appeal and concerns of labor unions. **DISTRIBUTE HANDOUT 9. PLAY RECORD, SIDE 2, BAND 1.** (This band has two lock grooves.)

► **LOCK GROOVE 1:** Discuss Questions 1 and 2 on the handout.

Students should recall from Reading 40 that modern labor unions became well established in the 1930's.

Encourage discussion. Students should see that the opposition was strong, that the government did little to help unions until the 1930's, and that labor itself was not united.

Students should see that the song calls for collective bargaining and a unified labor movement. It stresses the need for union power to offset company power.

► LOCK GROOVE 2: Discuss Questions 3 and 4 on the handout.

► END OF BAND: Discuss Questions 5 and 6 on the handout.

► Discuss Question 7 on the handout.

► What does Tom Young want from the union?

► How does this differ from what John Olde wanted, and from the appeals of the songs?

► Why isn't Tom Young willing to attend meetings to work for the same things John Olde worked for?

► Some of you were able to interview union members last night. What did you find? What do union members want most from their unions? Why did they join?

Students should note the acceptance of class conflict—workers vs. bosses.

Again, students should see the emphasis on the need for solidarity. They should also observe the crusading dedication characteristic of the leading organizers of the 1930's.

Students should realize that Tom Young did not view the union with fervor. They should be able to infer that he probably did not share the song's belief in class conflict between workers and bosses.

Students should refer to the reading to see that he wants protection from automation.

Students should be able to quickly see that John Olde and the songs wanted higher wages, better working conditions, and fewer hours.

This is a fairly subtle question. Press for the point that Tom now, after twenty or so years of union security, assumes the union will work for those things.

Encourage as many students as possible to report. If students say that members joined because they had no choice, encourage students to see that this reflects the strength of unions. Note the number of answers that have to do with automation or problems that differ from the concerns of the 1930's and 1940's.

42 The Role of Profits

Knowledge Objectives

- A. To know that profits serve many functions in a market economy
- B. To know that there is disagreement in the United States about how much profit a company should make

Method of Inquiry Objectives

- A. To be able to think beyond the material given, to find the underlying assumption or value
- B. To be able to make inferences

Materials

Reading 42

► What are profits?

Students should know that profits are that share of the sales dollar left over after all the factors of production have been paid for (p. 152).

► What do you think is done with profits in most big businesses?

Students may suggest that some of the profits go back into research, investment in new machinery, or other forms of capital improvement, and that some are distributed as dividends to the owners (stockholders) or as bonuses for the managers and workers.

► Who decides what shall be done with profits in a big business?

Students will probably know from earlier readings that the board of directors decides, probably on the executives' advice.

► Why would a large company want to be able to distribute some profits in the form of extra large dividends?

Students should be able to infer that a company may want to pay large dividends in order to keep stockholders or to attract more stockholders, if it decides to sell more shares of stock. More stockholders mean more capital.

► Let's look at the role of profits in a market society. What do they do? How do they work?

► How do profits attract funds?

People with money to invest want to invest it where it will bring more money. Profits are a sign that a com-

► How do profits act as signals to encourage investment where consumer demand is large, and to discourage it where demand is small?

► With profits having so many functions, why do you think Mr. Harper felt it necessary to try to explain the role of profits?

► How would you guess Walter Reuther, president of the United Automobile Workers, feels about profits?

► How might a Soviet planner regard the American profit system?

► What do *you* think? Should there be a limit on profits—say, an extremely high tax on all profits over 5 per cent of the sales dollar?

pany has made money in the past, and indicate that the investor may expect the company to do well in the future.

Where consumer demand is large, the company probably makes a profit, and investors will be attracted in the hope of making money. The converse is true with small consumer demand.

This is a fairly subtle question. Allow discussion. Students will see that Mr. Harper is making a strong case, and may infer that not everyone agrees that profits do all that he suggests. It is a controversial subject.

Students may need help in seeing that labor often argues that a larger share of profits should be distributed in the form of increased wages or profit-sharing. While labor unions do not usually dispute the usefulness of profits for investment, they often claim that company managers receive too large a share of profits in salaries and bonuses.

Students may need help to see that a Soviet planner would want to allocate resources centrally and hence would not want profits paid to individuals who could use them to start industries outside of the plan.

As time permits, encourage discussion and debate.

43 The Rich and the Poor in the United States

Knowledge Objectives

- A. To know how income is distributed among families in the United States
- B. To know some of the factors influencing distribution of income, such as race, age, region, and education

Method of Inquiry Objectives

- A. To be able to interpret statistical material presented in a number of forms
- B. To be able to detect trends

Materials

Reading 43

Transparency 43, Percentage of American children in college (book of transparencies in A-V kit; facsimile on *Guide* p. 164)

► What is today's lesson about?

Students should understand that it describes the way in which distribution works in the modified market economy of the United States.

► Before we go over the lesson, let's review two terms. What does "income" mean? What is a "median income"?

Students should understand that income is payment received for supplying one or more of the factors of production. A median income is midpoint on a scale of incomes for a given group.

► Let's look at the figures in the table on Incomes of American Families (p. 155). Ask a series of questions designed to test students' understanding of the table and its implications.

► If a family makes \$2,000 a year, how much does it have to live on each week?

Allow a minute for computation. Students should see that it has less than \$40 a week.

► How many families lived on less than \$40 a week in 1959? What per cent of all families does this represent?

By referring to the table, students should see that about 6 million families—about 13 per cent of all families—lived at this level.

► What per cent of total income did those families receive?

Students should see that they received about 2 per cent of national income.

► Let's go up to the top bracket. How many families and what per cent of families received over \$25,000? What

Students should refer to the table to see that this group is comprised of 500,000 families, representing 1 per

per cent of total income did they receive?

► Let's look at Table 2 on p. 155. What seems to be happening?

► Are there any questions about Table 3, on p. 156?

► Why are so many of the poor elderly?

► What might explain the trends in Table 4?

► Look at Table 5. What is the relationship between education and income in the United States?

► Look at Table 6. Why do you suppose craftsmen with more education get better jobs? What about Raymond?

► PROJECT TRANSPARENCY 43. Allow a few minutes for students to study the table. What pattern does this table show?

► How equal, then, is educational opportunity in the United States?

► Go over the questions that follow Table 7 on p. 158, and Table 8 on p. 159.

► In conclusion, ask students to summarize what they have learned about income distribution in the United States.

cent of the families and receiving 8 per cent of national income.

Encourage students to read the table and to point out trends, such as a rapidly growing middle class.

Make sure students understand the footnote.

Students may need help in understanding that many are not covered by Social Security, and that Social Security payments are low.

Students could suggest that the growth of corporations and the huge increase in industrial research and development have increased the percentage of salaried professionals. Some white-collar workers have been replaced, or made less important, by computers. And new agricultural machinery has reduced the number of farm families.

Students should see the direct relationship: on the average, the higher the level of education, the higher the income.

Allow discussion. Elicit the points that better educated craftsmen may be more skillful at finding jobs (reading want ads, knowing whom to call, etc.), and also may be preferred by employers.

Students should see that a father's income and education directly affect the odds that his children will attend college.

Allow discussion. Elicit the point that although there is fairly equal opportunity for all, some people face steeper odds.

44 Summary: Distribution in the United States

Knowledge Objectives

- A. To know that the market has been modified in a number of ways to affect the *for whom* question in the United States
- B. To know that in modifying the market we have tried to preserve the incentives of the market system while relieving some of the harshest effects of reliance on those incentives

Method of Inquiry Objectives

- A. To be able to make inferences
- B. To be able to see values underlying policy
- C. To be able to detect trends

Materials

Reading 44

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| ► What is today's lesson about? | Students should see that it has to do with modifying the pure market's way of answering the <i>for whom</i> question. |
| ► Let's imagine how some <i>for whom</i> questions would be answered in a pure market economy. How do you think Adam Smith would have answered the following questions? | Encourage students to reply as they think Adam Smith would answer. Students should realize that Smith would have probably relied chiefly on the market and the profit motive. |
| ► Men are unemployed; children and families are suffering. Who is responsible? | Smith would probably recognize the need for some public relief—but only a minimal amount so as not to discourage initiative or private charity. |
| ► Who is responsible for education? | Education probably would be a profit-making enterprise, or would be supported by charity. |
| ► Who should set wages? What should happen if some are too low to live on? | The law of supply and demand. Low wages would serve as a signal for workers to seek different jobs. |
| ► Who should provide for the aged? | It would be each man's responsibility to provide for his own future. |
| ► How much should the government participate in the economy? | As little as possible. |
| ► We have modified Smith's pure model in all of these areas. Why? | Students should recall that we have done so basically to soften some of the |

► Let's concentrate on one area. Have we been successful in eliminating poverty?

► How do you think income could be distributed more fairly in the United States?

► Why do we not all agree?

► As time permits, ask a series of questions which allow students to express opinions which are designed to illustrate the role of values in modifying the market:

Should there be free college and university education for everyone? Where would the money come from?

Should the government ensure equal public education for all by giving money to poorer school districts? Where would the money come from?

The minimum wage law covers only about three out of every five non-government workers. Should it be extended to cover domestic workers, for instance, or migrant workers, or sharecroppers?

harshest effects of the free market such as poverty, insecurity, and insufficient education.

Students should recall from Reading 43 that approximately one fifth of all American families live in poverty in the 1960's.

Allow freewheeling discussion. Do not press for any consensus.

Encourage students to see that many of our ideas depend on our values.

Encourage discussion and expression of opinion. Encourage students to keep in mind the fact that each program must be financed.

Chapter 10 Distribution in the Modified Command Economy

45 The Stated Aims of the Command Economy

Knowledge Objectives

- A. To know that Marx thought each person should produce goods and services according to his ability and receive them according to his needs
- B. To know that the present Soviet leaders expect people to contribute according to their ability and to receive according to their work

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to see similarities in diverse materials and situations

Materials

Reading 45

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- How are goods distributed in a market economy?

Students should recall that in a market economy a man is rewarded according to his efforts. Also, valued tasks earn higher wages.
 - How did Marx think goods should be distributed? How would Marx's system of distribution work in practice?

"From each according to his ability, to each according to his needs." Encourage students to be specific. The following questions may help to stimulate discussion:

 - Might an unmarried surgeon earn less than a laborer who had five children? (Yes)
 - Might an unskilled worker who was sick receive more than an engineer who did not need medical attention? (Yes)
 - Marx saw four conditions as necessary before his plan could work. What were they?

Encourage students to list each one and explain what it means. You may want to put the following list on the chalkboard:

 - 1) Division of labor in terms of value of work disappears.
 - 2) Distinction in terms of value between mental and physical work disappears.
 - 3) Labor becomes the first necessity of life, enjoyable and invigorating.

4) Production increases enough to abolish poverty.

Encourage students to see that he seems to have meant the market system and private ownership of the means of production.

Students will see the change in the slogan: "From each according to his ability, to each according to his *work*." Encourage discussion as to why the change was made. Students might suggest that the four preconditions of Marx had not been met, and that the Soviet worker still responded to monetary incentives (work harder to earn more for himself).

Students should be able to point out a number of similarities.

Students should see that most American wages are set by supply and demand. The Soviet Union sets wages by central planning.

Students should refer to the reading (p. 165) to see that Marx's ideal remains the goal.

They think the Soviet Union now stands between a bourgeois society and Marx's ideal.

► What did Marx mean by the "narrow horizon of bourgeois rights"?

► In what way did the 1936 Soviet constitution modify Marx's slogan? Why the modification?

► Look at the quote from the Soviet textbook on p. 105 of the reading. In what ways is the Soviet system like the American system?

► What are the chief differences?

► Have the leaders of the Soviet Union dropped Marx's ideal completely?

► How far do they think the Soviet Union has gone in achieving Marx's ideal?

► If time permits, introduce questions that stimulate students to understand the difficulties of achieving Marx's ideal.

Can a society produce enough material and cultural goods to satisfy the *needs* of a people? How do you define "need"?

Can people be motivated to work for the good of all?

Is self-interest a principle that always applies in market economies? Can you think of instances in the United States where it does not?

46 Labor Markets in the Soviet Union

Knowledge Objectives

- A. To know that the Soviet Union controls the labor market through such institutions as schools and apprenticeship programs
- B. To know that within limits Soviet citizens can choose their jobs
- C. To know that the planning of labor markets in the Soviet Union may become more flexible to meet the goal of high productivity

Method of Inquiry Objectives

- A. To be able to use evidence in support of a statement
- B. To be able to detect trends

Materials

Reading 46

► How are the principles underlying the Soviet labor markets like the principles underlying labor markets in the United States?

Students should see that both systems feel that workers should have a right to work. The Soviet system is more explicit on this point, but our government has tried to promote full employment.

► What about the duty to work?

Students should see that the Soviet policy is explicit on this point.

► Do we have a duty to work in the United States?

Should married women without children work?

Allow discussion here. It is a provocative question, and you will probably get a wide variety of answers. The values, and some laws, say that men must support themselves and their families. You may want to use some of the questions in the left-hand column to stimulate discussion.

A fifteen-year-old boy asks a fifteen-year-old girl to the movies. He has worked to earn the money. She has not. Is this right? fair?

Press for an explicit statement to the effect that the United States has no official policy on the duty to work. Our answers are based on values, which are changing.

► Why do we have trouble agreeing on the answers to these questions?

Students might suggest those who live on rents or dividends.

► If the United States embraced the Soviet Union's ideas of the duty to work, what sort of people would have their lives changed the most?

- How do the right workers get into the right jobs in the Soviet Union?
 - How are schools used to regulate the supply of workers and skills?
 - What other techniques are used?
 - Which technique seems to be growing in use? Why?
 - Why do wage differentials work?
 - What does the Soviet Union do about getting people to take hard jobs or jobs in unpleasant areas of the country?
 - Do we have any parallel campaigns in this country that stress service to one's country?
 - Let's fit the job market in the Soviet Union, in the United States, and among the Eskimos onto a spectrum. Draw the following spectrum on the chalkboard.
- completely
determined
by the
individual

completely
determined
by the
society
- Where does each of the three fit on the spectrum?
- What are the major differences in job markets between the Soviet Union and the United States?

Students should refer to the lesson to see that Gosplan makes the basic decisions as to labor needs, wages, and productivity, and then uses a variety of means to insure that the jobs are filled.

Have a student trace the role of the schools (pp. 167-168).

Students should list training on the job, financial rewards, emotional appeals, and Party discipline (p. 168).

Students should suggest that wage differentials are used more and more—because they seem to work best.

Students should refer to the reading (p. 168) to see that wages can be manipulated to meet the state's needs for higher and better production, and the workers' desires for better lives.

Students should recall the discussion on p. 168 and list the various techniques used.

Students could suggest the Peace Corps or VISTA as parallels. Both the Soviet Union and the United States appeal to non-economic motives to get unusual jobs done.

Encourage students to see that the Soviet Union does the most planning, but tradition determines the careers of Eskimos probably more than command determines the careers of Soviet youth. As students discuss the matter, enter the three societies at various points on the spectrum and ask students to defend their suggestions.

Press for a summary of the discussion of the entire lesson.

47 Labor and Incomes in the Soviet Union

Knowledge Objectives

- A. To know that the Soviet Union uses piece-rates and sets wage scales to fit the needs of the planners
- B. To know that wages paid to different occupations in the Soviet Union and the United States vary widely

Method of Inquiry Objective

To be able to see principles underlying policy

Materials

Reading 47

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| <p>► Let's get vocabulary straight to start with. What do the following terms mean?</p> <ul style="list-style-type: none">hourly ratepiece-rateproductivitypositive incentivenegative incentive | <p>Students should recall definitions of these terms from the reading. Discuss each in turn, as well as any others which the class may have found perplexing.</p> |
| <p>► Which seem to work best for Soviet workers, positive incentives or negative incentives? How do you know?</p> | <p>Encourage discussion. Students should refer to the reading to see that the regime has abandoned the most extreme of its labor discipline practices, or negative incentives, implying that positive incentives get better results.</p> |
| <p>► Do we have any negative incentives in the American economy?</p> | <p>Encourage discussion. Students may need help in seeing that the primary labor discipline is to fire a worker. There are others such as withholding pay for absences and chronic lateness, but these are not comparable to the negative incentives used in the Soviet Union.</p> |
| <p>► Which type of incentive seems to work best for American workers?</p> | <p>Students will see that positive incentives have been used most frequently because of their effectiveness.</p> |
| <p>► How about students? Which works best? Does your school use one or the</p> | <p>Encourage discussion here. Students should have little trouble in giving</p> |

other, or a “mix.” Which do you think would be most effective for you?

► Why does the Soviet Union use the piece-rate system extensively as a basis of payment?

► Why isn't the piece-rate system used extensively in the United States?

► Let's look at the table on p. 172 of wages in the Soviet Union. Which occupations do you think would place differently on an American wage scale?

► How do you account for these differences? Since wages are centrally set, why pay a university professor so well? Why pay a master foreman more than a doctor?

examples (grades, suspensions, expulsions, honor roll) of positive and negative incentives, and will probably express a variety of opinions in terms of their effectiveness.

Students should see that it is used as an incentive to encourage high productivity.

Students may need help here in understanding that labor in the United States has usually been against it. Historically, it has resulted in lower average wages, and labor, through unions, had had an effect on how workers are paid, as well as on how much.

Students should be able to see that such occupations as doctors and lawyers would place higher on an American scale, and that such occupations as university professors and foremen would place lower on an American scale.

Allow discussion. Students could suggest that wages are set in relationship to how much the job contributes to the goal of economic growth. A university professor, for instance, trains people for leadership positions.

48 Summary: Distribution in the Soviet Union

Knowledge Objectives

- A. To know the differences between the ideal Communism envisioned by Marx and the realities of Soviet economic life
- B. To know that evaluation and prediction are influenced by one's point of view

Method of Inquiry Objectives

- A. To be able to see how the same evidence can be used to support a number of different points of view
- B. To be able to abstract information from cartoons

Materials

Reading 48

Filmstrip 5, Cartoons from *Krokodil* (container 5 in A-V kit)

► First let's look at how Russians themselves view their economy. The cartoons you are about to see appeared in a Soviet humor magazine, produced by a state-owned publisher. As you look at the cartoons, think about the following questions: What do the cartoons depict? What do the cartoons seem to say about the problems of a command economy? Why do you suppose the Soviet government permits such cartoons to be published? PROJECT FILMSTRIP 5, analyzing each cartoon as it appears.

► Now let's turn to the reading and see how a Western economist views the problems of the Soviet economy. How did Mr. Schwartz set up the argument his article presents?

► Would Marx agree that the four criteria used by Mr. Schwartz are a fair test of true Communism?

► What is Mr. Schwartz trying to do?

Students should see that the cartoons depict problems in planning and workmanship. They might infer that a command economy is likely to have difficulties meshing together all the inter-related decisions that must be made in a large and complex economy. Students should observe that the Russians themselves realize that their economy has problems. They might suggest that the government permits such cartoons as a safety valve, and as a spur to improvement.

Students should see that Mr. Schwartz set up four criteria to test whether the Soviet Union had achieved a true Communist society.

Students should recall that Mr. Schwartz's criteria are similar to the preconditions Marx set forth (p. 164 of Reading 45).

Students should see that he is trying to evaluate the Soviet economy in terms of the stated goals of Communism.

► Soviet leaders agree with Mr. Schwartz that the Soviet Union has not yet achieved true Communism. But they contend that the Soviet Union is moving rapidly toward that goal. What, then, do you think a Soviet economist might conclude from the statistics on p. 174 of the reading?

► What can we conclude from the fact that the Soviet economist could look at the same statistics as Mr. Schwartz, yet reach a different conclusion?

► On p. 175 of the reading, Mr. Schwartz concludes that there is much economic inequality in the Soviet Union. What do you think a Soviet economist, using information presented in Chapter 10, might conclude about inequality in the Soviet Union?

► What can we conclude from the fact that the Soviet economist could draw a very different conclusion about economic inequality in the Soviet Union?

► In what ways does the Soviet Union, as depicted by Mr. Schwartz, resemble the United States?

► Do you think Marx's ideal of "From each according to his ability, to each according to his needs" will ever be achieved?

Students should be able to infer that a Soviet economist, using the same statistics as Mr. Schwartz, could reach a very different conclusion. Instead of stressing how far the United States is ahead of the Soviet Union, he might stress how rapidly the Soviet Union has been catching up in the past fifty years.

Students should see that one's point of view (values) can influence how one perceives and evaluates data.

Very likely a Soviet economist would select more favorable evidence. He might point to the free medical service, the free educational system, and the supposed absence of unemployment.

Students should realize that one's point of view can influence even the kind of evidence one selects to try to prove a hypothesis.

Allow discussion. You may wish to augment students' suggestions with some of the following: interest in material well-being, inequalities of wages connected with skills and difficulty of work, social inequality, education highly respected and rewarded.

Encourage discussion without trying to reach a consensus.

Unit Six

The Pursuit of Growth and Stability

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know the meanings of the following terms:
depression, inflation, deflation, business cycle, unemployment rate, price index, economic growth, per-capita economic growth, GNP, consumption, investment, money
- B. To know that unemployment hits young people and certain minority groups the hardest
- C. To know that economic power has only limited capacity to affect society
- D. To know that GNP is computed by adding together the money value of all final goods and services produced in a year
- E. To know the three components of GNP:
consumption, investment, and government expenditures
- F. To know that the consumption flow is the main determinant of the investment flow
- G. To know that the economic expectations of businessmen influence their investment decisions
- H. To know that a decision to spend money publicly takes money out of private hands through taxes
- I. To know how government can use fiscal power and taxes to promote stability and encourage economic growth
- J. To know that economic growth based on heavy industry in the Soviet Union has been achieved at the expense of agriculture, consumer goods, and economic and political freedom

- K. To know that the economy of the Soviet Union is planned centrally partly to increase the growth rate
- L. To know that the drive for economic growth in the Soviet Union is closely tied to Communist ideology

Method of Inquiry Objectives

- A. To be able to make inferences from photographs
- B. To be able to use simple mathematics as a tool for social science analysis
- C. To be able to predict the consequences that changes in one variable will have on other variables
- D. To be able to use a simplified model for analysis
- E. To be able to make inferences from a generalization
- F. To be able to use an economic concept for purposes of analysis
- G. To be able to infer the logical consequences of an action
- H. To be able to correlate statistical data and generalizations with data in the form of a recording

Attitude and Value Objectives

- A. To develop empathy for people who were victims of the Great Depression
- B. To be willing to weigh competing values such as the desire for economic independence and the desire for economic stability

Chapter 11 Growth and Stability in the American Economy

49 What Difference Does Stability Make?

Knowledge Objectives

- A. To know the meanings of “depression,” “inflation,” “deflation,” “business cycle,” “unemployment rate,” and “price index”
- B. To know that depressions have serious economic and human costs for a society
- C. To know that unemployment in the United States hits young people and certain minority groups the hardest

Method of Inquiry Objectives

- A. To be able to make inferences from pictures
- B. To be able to interpret a line graph

Materials

Reading 49

Filmstrip 6, The Great Depression (container 6 in A-V kit)

► Let's examine unemployment figures from the graph on p. 180 of the reading. Judging by that graph alone, when would you say the Great Depression took place?

► According to the graph, when would you say recessions occurred between 1929 and 1966?

► Why are unemployment statistics a fairly accurate indicator of recessions and depressions?

► Now let's look at some of the effects of a depression. What did the Depression of the 1930's do to the economy? PROJECT FRAMES 1-4 OF FILMSTRIP 6, discussing the implications of each picture briefly.

The unemployment statistics indicate that it began in 1929 or 1930, and ended in 1941 or 1942. Students should know about the stock market crash of October 1929, which triggered the Depression. They might also know that defense spending helped pull the economy out of the Depression at the end of the 1930's.

Students should identify the 1938 slump in the midst of the Depression, as well as the slumps of 1949, 1954, 1958, and 1961.

Students should realize that a high unemployment rate indicates that some of the economy's labor, land, and capital is idle. Hence, less is being produced.

The pictures show closed business establishments, unemployed men seeking work, and a breadline. Students may discuss the effects of these developments on production and on a man's pride.

► PROJECT FRAMES 5-8, pausing to discuss each picture. Then ask students to generalize from all four pictures.

► PROJECT FRAMES 9-12, pausing to discuss each picture. Again, ask for a generalization at the end.

► PROJECT FRAMES 13-16, discussing each picture in turn and asking for a final generalization.

► WRITING EXERCISE. To study stability and the effect of depressions on a market economy, we need to know certain terms. As I list the terms, write out a definition on a clean piece of paper: 1) depression; 2) inflation; 3) deflation; 4) business cycle; 5) unemployment rate; 6) price index.

► Now let's read and discuss our definitions.

► Let's look more closely at the price index graph on p. 181. What does it mean that the average for 1957-59 is set at 100? Why do you think those years were chosen? How would the graph differ if the years 1929-31 had been chosen instead?

► The reading points out that Negroes and young people are hardest hit by unemployment. Why do you suppose this pattern is so?

► What, if anything, do you think the United States could do about unemployment among young people and Negroes?

These frames show the effects of the Depression on farming.

These frames show the desperate roaming characteristic of the Okies, the Arkies, and many other Americans.

These frames show Hoovervilles. Students may be struck by the human tragedy, the disruption of family life, and the loss of productivity implied by these pictures.

Students should clearly understand these key terms. Have each student write definitions in his own words, without referring to the reading.

Call on one student to read his definition of a term. Have other students comment on this definition until the meaning is clear.

Students should see that the price index is a comparative device. Hence, some base year or years must be chosen. The years 1957-59 may have been chosen because there was relatively little change in prices during those years. Had 1929-31 been chosen, the graph would have had the same shaped curve, but the numbers would all have been about twice as great.

Encourage discussion. The major reason is lack of training and skills. Prejudice is another cause in the case of Negroes.

Allow discussion. Students might suggest a variety of programs, such as job retraining, anti-discrimination laws, and better schools.

50 What Difference Does Growth Make?

Knowledge Objectives

- A. To know the meanings of the terms “economic growth” and “per-capita economic growth”
- B. To know that a small change in the growth rate can produce a very large change in GNP within a few years time
- C. To know the things that economic power can and cannot do
- D. To know that economic choices depend on one’s values

Method of Inquiry Objectives

- A. To be able to interpret a graph
- B. To be able to state the logical implications of a position

Materials

Reading 50

Transparency 50a, GNP projections (book of transparencies in A-V kit; facsimile on *Guide* p. 166)

Transparency 50b, Effects of foreign aid (book of transparencies in A-V kit; facsimile on *Guide* p. 166)

Class Handout 10, Sources of economic growth (handout master in A-V kit; facsimile on *Guide* p. 165)

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| <ul style="list-style-type: none">► What does the term “economic growth” mean?► What does “per-capita economic growth” mean?► How is economic growth related to the problem of scarcity?► Now we’ll look at a handout dealing with the main causes of economic growth in a developed economy. DISTRIBUTE HANDOUT 10. Allow a few minutes for students to study the handout. Then discuss the questions on the handout.► Let’s see the difference that a 1 or 2 per cent increase in growth rate can make. PROJECT TRANSPARENCY 50a. | <p>Make sure that students can state a definition precisely: an increase in the total output of goods and services.</p> <p>Students should recall that it means an increase in the output of goods and services produced per person (p. 184).</p> <p>Students should recognize clearly the unlimited wants of Americans and the restricted means to satisfy these wants. Growth makes it possible to satisfy more wants, though all of them can never be satisfied.</p> <p>Students should see that from 1909 to 1929, increases in the size of the labor force and capital plant of the United States were chiefly responsible for the nation’s economic growth. Then the United States entered upon a new stage of development: improving its human resources and technology.</p> <p>Have a student do the arithmetic from the graph. At a 3 per cent growth rate, GNP by the year 2000 will be less than</p> |
|---|---|

Here are projected GNP figures for the United States at growth rates of 3, 4, and 5 per cent over the period 1966-2000. What do they show?

► Let's review what the reading had to say about what our economic power can and cannot do. What were the four things it could do?

► Which of these four do you think the United States ought to concentrate on?

► What did your answers to the previous question depend on?

► And what are some of the limits of economic power?

► PROJECT TRANSPARENCY 50b. About what percentage of the GNP of the United States was spent on foreign aid in 1965?

► About what percentage of India's GNP was American foreign aid?

► In light of the GNP projections we saw on the first transparency, how much of an effect do you think American aid could have on India's growth?

► To predict the full effect of American foreign aid on India's growth, why would we need population projections as well as growth projections?

three times what it was in 1966. At a 4 per cent growth rate, it will be almost four times as much. At a 5 per cent growth rate, it will be more than five times as much. The GNP at a 5 per cent growth rate will be almost twice as much in the year 2000 as it would be at the 3 per cent growth rate.

Students should recall the four results of economic power suggested in the reading: a higher standard of living, relatively painless military power, penetration of other countries, and the power of example (pp. 186-187).

Encourage discussion for a few minutes and then switch quickly to the next question.

Students should see that their answers grow out of values. They want to do one thing or another because it means more to them.

Students should recall the discussion of the limits of economic power at the end of the reading (p. 187). Encourage them to discuss this material.

Students should see that the percentage was tiny—about three tenths of 1 per cent.

Students should see that it was small—about 2 per cent.

Students should be able to infer that adding 2 per cent to India's GNP could make a great difference over a few decades.

Students should realize that, with a huge and rapidly growing population, achieving per-capita growth is a major problem for India. If the GNP rises at 6 per cent a year, while population grows at 7 per cent, India will have lost ground.

51 Measuring Performance: The GNP

Knowledge Objectives

- A. To know a definition of “GNP”
- B. To know how GNP is computed
- C. To know what cannot be learned from GNP figures

Method of Inquiry Objectives

- A. To be able to classify data
- B. To be able to make logical inferences from data
- C. To be able to use simple mathematics in social science analysis

Materials

Reading 51

Class Handout 11, Calculating GNP (handout master in A-V kit; facsimile on *Guide* p. 167)

► **DISTRIBUTE HANDOUT 11.** Give students about five minutes to examine the handout and form tentative answers to its question. Then ask students to state whether or not they would include each of the nine items in GNP.

► What are the four factors which the reading suggests should be kept in mind when thinking about GNP?

► Now let's turn to the questions in today's reading. What about the first question under Table II on p. 190?

Discuss each of the nine items separately. All would be included in GNP except the first two, which would be omitted because their price is included in the price of automobiles; GNP avoids double counting. Items 5 and 6 would be included because they are capital goods which have made their way into the hands of their final purchasers.

Students should recall the discussion from the reading. It is important to use the same methods of computing GNP each year; to state GNP in constant dollars for comparative purposes; to compute GNP on a per-capita basis; and to realize that GNP tells us nothing about the quality of the goods produced. Discuss each factor until it is clear that students understand its implications.

The second table indicates GNP in constant dollars and therefore gives a true indication of changes in the actual amounts of goods and services the nation produced. The figures in Table I are distorted by price changes.

► The second question?

In the 1930's, deflation was so severe that the small amount of growth that did take place was disguised by the fall in the value of the dollar. While Table I seemed to indicate that the GNP fell during the 1930's, Table II shows that the United States in fact produced a slightly larger quantity of goods and services in 1939 than it did in 1929.

► The first question under Table III?

GNP increased by \$5.8 billion.

► The second question? Tell students to round the 1929 figures off to \$204 billion and 122 million people, and the 1939 figures to \$210 billion and 131 million people, to simplify the long division.

Per-capita GNP in 1929 was about \$1,672; in 1939, it was about \$1,603. Hence, although total GNP rose, per-capita GNP fell because population growth exceeded the increase in productivity per person.

► What was happening to the country during these years?

Students should recall that this decade included the worst of the Depression. GNP gives us an accurate way to measure the effects of a depression both on the economy in general and on the lives of typical individuals.

52 Decision-Makers: The Consumer

Knowledge Objectives

- A. To know the three components of GNP: consumption, investment, and government expenditures
- B. To know that the consumption flow largely determines the investment flow so that a small change in C can produce a large change in I

Method of Inquiry Objectives

- A. To be able to predict the consequences that changes in one variable will have on other variables
- B. To be able to use a simplified model for analysis

Materials

Reading 52

Transparency 52, Consumption flow (book of transparencies in A-V kit; facsimile on *Guide* p. 168)

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- | | |
|--|---|
| ▶ What are the three components of GNP? | Students should recall from the reading that GNP is composed of consumption, investment, and government expenditures. |
| ▶ What mainly determines changes in consumption spending? | Students should recall that changes in income have the greatest effect. (Students might recall from Reading 18 that changes in income also mainly determine changes in demand.) |
| ▶ Why does a change in income change consumption spending for some items more than for other items? | Students should see that spending for non-durable necessities such as food will change less than spending for durable luxury items like automobiles. (They might recall from Chapter 5 the inflexibility of demand for salt—a necessity—and the flexibility of demand for ice cream.) |
| ▶ How could a fall in income affect the business of a toaster manufacturer? of a manufacturer of toaster-making machinery? | Students should be able to trace the chain of events (pp. 192-193). |
| ▶ Let's use more general terms. How can a change in consumption spending affect investment spending? Why? | Students should see that investment depends on consumption. With income slipping, a businessman will likely not increase his investment spending. |

► Now we'll look at C as a part of GNP. PROJECT TRANSPARENCY 52. What does this diagram show?

► Why does the diagram portray C as a loop?

► How might businessmen spend income received from consumption spending?

► Besides a change in income, what, then, could bring about a change in the size of the C loop?

With income rising, a businessman will often increase his investment spending.

Students should see that the diagram shows consumption as the major part of GNP.

Students may need help to see that GNP can represent either total spending or total receipts. Hence C can represent both consumption spending and income received by businessmen from consumption spending. Because of this, C is portrayed as a loop.

Students should recall that the income might be spent on other consumption goods (through wages, dividends, and profits), spent on investment (through immediate investment purchases or savings), or paid to the government (through taxes).

Students should infer that the size of the C loop could change if business changed its spending for investment or taxes.

53 Decision-Makers: The Business Investor

Knowledge Objectives

- A. To know the three components of investment: factories, tools, and inventory
- B. To know that the rate of investment is a function of the expectations of businessmen about the future prosperity of the economy
- C. To know that if investment falls, consumption also falls

Method of Inquiry Objectives

- A. To be able to predict the consequences that changes in one variable will have on other variables
- B. To be able to use a simplified model for analysis

Materials

Reading 53

Transparencies 52 and 53, Investment flow (book of transparencies in A-V kit; facsimiles on *Guide* p. 168)

► PROJECT TRANSPARENCIES 52 AND 53. (Leave them on throughout the period.) Let's review what we learned in the last class. What does the formula $GNP = C + I + G$ mean? How is I related to C ? Why is C the kingpin in a market economy?

► What are the three components of I ? Give me several examples of each.

► Why did investment fall off during the late 1920's?

► If you were a businessman during the late 1920's, what would you have done about each of the three types of investment?

► What do you think a businessman in the late 1920's would have done with any profits he might make?

Have a student use the transparencies as he answers these questions, which set the stage for the class discussion to follow.

Students should recall the three: factories, tools, and inventory. They should be able to give examples.

Discuss the decline in demand for durable goods and the implications of this decline for investment. Be sure to focus on the relationship between C and I .

Discuss building an additional factory, buying additional tools, or building up a large inventory in expectation of future sales. Students should see that none of these courses of action would have made sense.

Students should guess that he would either pay higher dividends to his stockholders or put the money in the bank or stock market.

► REFER TO TRANSPARENCIES 52-53.

What would have happened to the income flow if businessmen had raised dividends?

► What if the stockholders had used their higher dividends to buy more stock in the 1920's?

► What if the businessmen had banked their profits instead of raising dividends?

► In the late 1920's, were people likely to borrow for investment or consumption?

► Why, then, are the expectations of businessmen so important to the income flow?

► How did the 1964 tax cut help raise GNP?

Students should see that if stockholders had used higher dividends for consumer goods, the income flow might have increased. But since most stockholders in the late 1920's had already bought the chief durable goods they wanted, they would probably have banked the money, thereby reducing the total income flow.

Allow discussion. Students should realize that stock prices would probably have been forced up. Investment, however, would not have risen, since businessmen were already investing all they wanted to.

Students should realize that those profits would become new *C* or *I* only if people borrowed from the bank—to spend or to invest.

Students should see that they were not. Investment prospects were not hopeful, and the market for expensive, durable consumer goods had, for the most part, been flooded.

Students should conclude that a healthy economy depends on a healthy level of investment. Otherwise, the economy could go into a tailspin, as it did at the end of the 1920's.

Students should recall from pp. 195-196 of the reading that the tax cut encouraged General Motors to raise investment. This move, in turn, encouraged investment by companies that sold to General Motors. General Motors also needed to hire more workers, who spent their wages on consumption goods and saving.

54 Decision-Makers: The Government

Knowledge Objectives

- A. To know that G includes spending by national, state, and local governments
- B. To know the major sources of government funds on all three levels
- C. To know for what government spends money
- D. To know that a decision to spend money publicly takes money out of private hands through taxes

Method of Inquiry Objective

To be able to use a simplified model for analysis

Materials

Reading 54

Transparencies 52, 53, and 54, Government flow (book of transparencies in A-V kit; facsimiles on *Guide* p. 168)

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|---|---|
| ► What is included in the second G in the formula $GNP = C + I + G$? | Students should recall that all government spending on the national, state, and local levels is included. |
| ► When did G get to be an important part of the formula? | Students should recall the discussion of federal budgets during the New Deal and World War II. |
| ► Why did G become so large? | Allow discussion. Students might suggest that a larger and more complex society needs a larger and more expensive federal government. |
| ► Where does the federal government get its money? | Students should recall that federal government revenues consist mainly of personal and corporate income taxes. |
| ► Where do state and local governments get most of their money? | Sales taxes, property taxes, federal grants, and income taxes. |
| ► On what does the federal government spend most of its money? | Students should note that the largest portion goes for past and future wars. The rest is used mostly for education, housing, transportation, the War on Poverty, and government salaries and office expenses. |
| ► On what do state and local governments spend most of their money? | Education, welfare, and highways are the chief expenditures of state and local governments. |

► Why that division of function between federal spending and state and local spending?

► PROJECT TRANSPARENCIES 52-54. How are taxes and government spending related to GNP?

► What effect would higher taxes probably have on *C* and *I*?

► The second part of the reading is entitled "Automobiles or Highways?" What does that title mean?

► Give some instances of private and public spending which are interrelated.

► Who decides what percentages of the GNP will be devoted to the private and to the public sector?

► What do you think about the issue? Should the share of the GNP devoted to the public sector be increased or reduced? Should Americans have more money to spend on personal consumption items, or should they spend more on public services?

Students should infer that most Americans believe that the federal government should run national defense, and that state and local governments should have control over education, welfare, and roads. In part, this belief is a matter of values.

Students should see that there is a circular flow of government spending: Taxes extract dollars from the economy, and government spending pushes those dollars back into the economy.

Students should see that if a larger percentage of the GNP went for *G*, smaller percentages of GNP would be left for *C* and *I*.

Students should see that the title symbolizes the conflict between private and public spending. It also points out the interrelationship between the two.

Students should start with automobiles and highways, and then suggest others, which might include books and schools, airplanes and radar facilities, shipping and harbor dredging, etc.

Theoretically, the public decides through the ballot box.

Allow discussion, without trying to reach a consensus. Be sure students see the role of values in their opinions, and that they realize that these questions are economic and political policy questions, not questions to which there is a single set of "right" answers.

55 Money Matters Too

Knowledge Objectives

- A. To know the four properties of useful money in a complex economy
- B. To know the three most important functions of money
- C. To know how government can affect the money supply in order to influence expenditures by both consumers and investors
- D. To know a major way in which government can use its power to control depressions, curb inflation, and promote economic growth

Method of Inquiry Objectives

- A. To be able to use criteria to judge whether various sorts of money would be good
- B. To be able to make inferences from a generalization

Materials

Reading 55

Transparencies 52-54 (book of transparencies in A-V kit; facsimiles on *Guide* p. 168)

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|--|---|
| ► In your own words, define “money.” | Students should approach the definition that money is anything people in a society are willing to accept as payment of debts. |
| ► What are the four properties money must have to be useful in a developed economy where trading is heavy? | Students should recall that money must be hard to reproduce, easy to transfer, stable in form, and capable of being divided exactly. |
| ► Why wouldn’t ice cubes make useful money in the United States? | Students should note that ice cubes are easy to reproduce, difficult to transfer, unstable in form, and difficult to divide exactly. |
| ► What are the most important functions of money? | Students should recall that money enables people to carry on trade, and that it can be lent to producers for investment and to consumers for purchases. |
| ► How does money make lending possible? | Students should see that money, by representing goods and services, permits those goods and services to be stored and transferred easily. |
| ► How does money aid investment? | By making it easy to borrow other people’s goods and services. |

- ▶ What is the payment for that kind of borrowing called? Interest.
- ▶ How are interest rates set? Would you guess that interest rates were higher or lower in 1935 than in 1925? Students should recall that they are set by the demand and supply for money. Students should guess that interest rates fell from 1925 to 1935, since fewer businessmen were eager to invest (lower demand).
- ▶ How can the government influence interest rates? Students should recall that the Federal Reserve can control the supply of money through buying or selling government bonds.
- ▶ PROJECT TRANSPARENCIES 52-54. How, then, can government use interest rates to ward off depression? Students should infer that by lowering interest rates, government can promote rises in *C* and *I*. In other words, government can induce business to invest more, and to hire more employees.
- ▶ How can government use interest rates to curb inflation? By raising interest rates, government can make borrowing more difficult and reduce investment spending.
- ▶ Does curbing inflation reduce the real GNP? Students should recall that it does not. Greater production, not higher prices, makes for a large real GNP.

56 America's Quest for Stability and Growth: The New Pattern

Knowledge Objectives

- A. To know how Keynes's theories are supposed to work, and the dangers in trying to implement those theories
- B. To know how government in the United States uses taxes to promote stability and encourage growth
- C. To know that the United States has a predominantly market economy

Method of Inquiry Objectives

- A. To be able to make inferences from a model
- B. To be able to generalize from data

Materials

Reading 56

► What is the reading about?	Students should recall that the reading is about how the federal government can promote stability and growth by tinkering with taxes.
► What was the purpose of the tax cut of 1964?	Its purpose was to promote growth. Students should recall that lower taxes left more of the GNP available for <i>C</i> and <i>I</i> .
► What else might the government have done to promote growth in 1964?	Students should recall from Reading 55 that the Federal Reserve might have lowered interest rates.
► According to Keynes, how might the government use taxes to curb inflation?	Students should see that higher taxes would reduce funds available for consumption and investment.
► How is Keynes's system dangerous? What would happen if the government miscalculated the size of a tax cut or a tax hike?	Allow discussion. Students should infer that if taxes were cut too far in an effort to ward off a depression, <i>C</i> and <i>I</i> might rise so far that inflation would result. If taxes were increased too sharply to ward off inflation, <i>C</i> and <i>I</i> might fall so sharply that a recession could result.
► Why do you think Keynes's theories are still controversial?	Students might suggest that Keynes's theories seemed to contradict common

sense, and that they seem to give the federal government a decisive role in the economy (a value judgment).

Students probably will agree quickly that, in the United States, the great majority of economic decisions are made by consumers and investors in a market regulated to a degree by the government.

Americans consistently elect officials who support a strong role for government in the economy. The elements of “command” in the American economy got there with the support, and often at the insistence, of the voter. On the other hand, Americans often seem to wish that the federal government were less important.

This is an open question. Could a market economy have survived if we had had another great depression lasting for a decade or so? Many scholars doubt it. By modifying the market, the ideas of Keynes and his followers may have saved the best elements of market economies. But the market now plays a smaller role in the economy than it did before 1929. Encourage discussion of this controversy.

Students may suggest “modified market” or “mixed economy” or any of a dozen other names. Discuss the merits of each in terms of the way in which the economy is organized.

► Are the main economic decisions in the United States still made in the market?

► Do most Americans behave as if they want government to participate in the economy?

► Do the ideas of Keynes that we have been studying in this unit make the United States more or less of a market economy than it would have been without these ideas?

► What is a good name for the present American economic system?

Chapter 12 **Growth and Stability in the Soviet Economy**

57 The Soviet Record to Date

Knowledge Objectives

- A. To know that the Soviet economy has grown very rapidly since the 1920's, particularly in the area of heavy industry
- B. To know that the cost of this growth has come in a slower rate of growth for consumer goods, in poorer standards for those goods which are produced, and in human suffering from a low standard of living and from coercion from the regime

Method of Inquiry Objectives

- A. To be able to use an economic concept for purposes of analysis
- B. To be able to infer the logical consequences of an action

Materials

Reading 57

Transparency 57, Comparison of Soviet and American production (book of transparencies in A-V kit; facsimile on *Guide* p. 168)

► Today we will examine the drive for growth in the Soviet Union. Why did Stalin press so strongly for industrialization?

Students should recall from the reading that Stalin pressed for industrialization to lay the base for a modern military machine and an abundance of consumption goods in the future.

► To what degree was he successful?

Students should recall the impressive steel and electricity statistics on pp. 207-208 of the reading.

► What costs were paid for these advances?

Here students should use the concepts of values, choices, and costs. Stalin valued heavy industry. With resources being scarce relative to demand, he chose to neglect consumer goods and agriculture. By imprisoning, exiling, or killing those who opposed him, Stalin paid another cost—he lost those people's human resources.

► Now let's make a list of Khrushchev's goals for the 1950's and 1960's.

The reading mentions four major goals: progress in armaments, space,

Which seem to have caused him the most trouble?

► Why didn't the regime simply ignore the protests? Are there limits to the coercive power of a command society?

► PROJECT TRANSPARENCY 57. Let's see how Stalin's and Khrushchev's policies affected actual production. How would you describe each of the four groups of goods?

► In which of the four areas is the Soviet Union furthest behind the United States? In which is the Soviet Union closest to the United States?

► In 1964, the population of the Soviet Union was about 226 million, while the population of the United States was about 192 million. How do these figures clarify the meanings of the bar graphs?

► Why do you suppose Soviet machine tool production is so high?

► If you were in charge of planning the Soviet economy and had the same values and goals as present Soviet planners, where would you concentrate your attention?

heavy industry, and consumer goods including agriculture. The reading makes it clear that consumer goods including agriculture caused the most problems.

Encourage speculation. Ignoring the protests might have caused a drop in productivity on the part of workers who expected better living standards and failed to get them. Students might recall the disgruntled orsle workers from p. 113 of Reading 31.

Students should see that the first group lists non-durable consumer goods; the second lists durable consumer goods; the third lists natural resources; and the fourth lists capital goods.

The Soviet Union is furthest behind in the production of durable consumer goods, and closest to the United States in the production of capital goods.

Students should see that population figures can give us per-capita production. In terms of per-capita production, the Soviet percentages would have to be multiplied by .85 ($192 \text{ million} \div 226 \text{ million}$) for a comparison with the United States.

Students might suggest that machine tools make machinery—a basic need for industrialization.

There is no right answer to this question. Encourage discussion, pressing for the logical implications of each answer that students give. Agriculture is one reasonable answer, but students should state what they would give up (other consumer goods, armaments, heavy industry) in order to be able to allocate additional resources to agriculture.

58 The Soviet Path to Growth

Knowledge Objectives

- A. To know how the Soviet government uses prices and wages to promote growth
- B. To know why the Soviet government places such heavy emphasis on economic growth

Method of Inquiry Objectives

- A. To be able to generalize from written and spoken data
- B. To be able to make inferences

Materials

Reading 58

Record, Side 2, Band 2, The Soviet economy today (record in A-V kit; script on *Guide* pp. 169-172)

► First let's listen to a recording which describes the state of consumer goods in the Soviet Union.

► PLAY RECORD, SIDE 2, BAND 2. (This band has two lock grooves.)

► LOCK GROOVE 1. Pause to ask: What values was Major Rykov expressing? How did he want the Soviet economy to answer the *what* and *for whom* questions?

► LOCK GROOVE 2. Pause to ask: What were most of the complaints about? Do Americans make similar complaints?

► END OF RECORD. How does the Soviet Union use prices to help answer the *what* and *for whom* questions?

► How does the Soviet government use prices to help control the rate of growth?

Students should note that Major Rykov valued material comfort and peace. He wanted the Soviet economy to produce more consumer goods for the average Russian.

Most of the complaints refer to poor planning, for both capital goods like tractors and consumer goods like wheelchairs. Students should see that Americans also complain about poor quality in consumer goods, but not nearly so often.

Students should realize that by setting very high prices on luxuries, the Soviet government discourages consumption and production of those luxuries.

Students should see that by discouraging consumption of luxuries, the Soviet government encourages saving. Money saved can be used for capital investment.

► How does the Soviet government use wages to help control the rate of growth?

► Why is the Soviet government so determined to promote rapid growth?

► How, then, do you account for the inaccuracies of many economic predictions in the Soviet Union?

► How do you think Major Rykov would view Soviet economic growth since World War II?

► Do you think that either the Soviet Union or the United States will ever be content enough to stop trying to promote economic growth? Should they be?

By keeping wages low, profits can be devoted to investment.

Students should discuss the values and ideology of the regime, particularly its belief that Communism and prosperity are inseparable in the long run.

Many of the predictions seem to be based on wishful thinking, prompted by eagerness to achieve pure Communism as quickly as possible. Also, leaders feel the need to promise more consumer goods in the near future in order to justify heavy expenditures on capital goods and weapons in the present. Finally, each factory manager and each regional council is judged according to its production and is granted resources on the basis of predictions of its production. It is thus often in a factory manager's or regional council's self-interest to exaggerate predictions.

Allow discussion. Students might suggest that Major Rykov would wish that more of the goods and services produced were distributed to consumers, instead of used for investment.

Students should see that because of economic scarcity, it is unlikely that either nation will ever be fully satisfied with its GNP. On the second question, allow discussion relating to values.

Unit Seven

In Conclusion

MAJOR UNIT OBJECTIVES

Knowledge Objectives

- A. To know that a person's values largely determine his judgments of economic systems
- B. To know that typical Americans, Russians, and Indians share many economic goals, but differ considerably about the best way to achieve them
- C. To know that Indians favor an amalgam of tradition, market, and command
- D. To know that economic predictions are formulated as a projection of present trends
- E. To know that the American government bases much of its economic policy on predictions

Method of Inquiry Objectives

- A. To be able to gather data from reading an imaginary interview
- B. To be able to cite concrete evidence for discussions of abstract questions
- C. To be able to infer the evidence used to reach a set of conclusions
- D. To be able to examine a textbook critically

Attitude and Value Objectives

- A. To be willing to accept open-ended discussion
- B. To be willing to challenge the views in a textbook, and examine them critically
- C. To be willing to choose one economic system rather than another in the light of known values and of economic data about the societies

59 Which Economy Is Best?

Knowledge Objectives

- A. To know that a person's values largely determine what he thinks to be a good or bad economic system
- B. To know that typical Americans, Russians, and Indians share many of the same goals, but differ considerably about the best way to achieve those goals
- C. To know that Indians seem to favor an amalgam of tradition, market, and command

Method of Inquiry Objectives

- A. To be able to gather data from reading an imaginary interview
- B. To be able to cite concrete evidence for discussions of abstract questions

Materials

Reading 59

Class Handout 12, Discussion questions (handout master in A-V kit; facsimile on *Guide*, p. 172)

► **DISTRIBUTE HANDOUT 12.** Give students a few minutes to read the questions. Then divide the class into three groups and each group into three subgroups. Allow fifteen to twenty minutes for the subgroups to prepare their reports under the leadership of a chairman who will also act as a reporter.

► Call on each subgroup in turn for its report.

Each chairman of a subgroup should be able to report on the topic his subgroup has been assigned. Encourage comments from other members of each subgroup and then from the class at large after one individual has spoken on each subject. Students should see the influence of values on the last two sets of questions. Encourage students to cite evidence from the reading for their conclusions.

► If time remains, ask some of the following questions: Does Miss Ishwar seem to favor a traditional, market, or command economy?

Encourage discussion. She seems to favor a mixture of all three.

► What would you guess "materialism" means? Would you call the United States a materialist society? the Soviet Union?

Students might suggest that materialism means a high valuation of goods and services. Allow discussion as to whether the United States and the

► What do *you* think of Mr. Roza-
nov's charge that the United States
produces "wasteful and frivolous
junk"?

► Can any economic system be per-
fect for the people it serves?

Soviet Union are materialist; encour-
age students to cite evidence from
earlier readings.

Allow discussion. Students may point
out the advantages of letting consum-
ers dictate production in a free society,
and the possible advantages of plan-
ning to meet the most important needs
of consumers in a command society.

Allow discussion. Students have seen
that neither the United States nor the
Soviet Union has achieved all that
its values call for.

60 The Road Ahead

Knowledge Objectives

- A. To know one economist's predictions of the road ahead for the world's economies
- B. To know how economic predictions are formulated
- C. To know the importance of predictions for the American government

Method of Inquiry Objectives

- A. To be able to infer the evidence used to reach a set of conclusions
- B. To be able to use evidence to make one's own predictions
- C. To be able to examine a textbook critically

Materials

Reading 60

- How do you think the author went about writing the final reading? What evidence did he need to make his predictions?

Students might suggest that the author needed a knowledge of the current state of the world's economies, of the values of different societies, and of current economic trends.
- Where do you think the author might have found his evidence?

Students should suggest the types of data they have encountered in the course, such as statements of values, statistics, historical documents, analyses by economists, and newspaper articles.
- How accurately do you think an economist can predict the future? What might prove especially difficult to predict?

Students might surmise that a society's values usually undergo gradual change. Everything from war to new inventions can affect projections of an economy's performance.
- Why might it be useful for an economist in the American government to predict the economic developments of the next four or five years?

Students should recall that the government decides whether to raise or lower interest rates, taxes, and government spending on the basis of predictions.
- Let's discuss the study questions. How would you like the economy of the United States to change by the year 2000, in terms of the *what*, *how*, and *for whom* questions?

Allow discussions, making sure students couch their answers in terms of the *what*, *how*, and *for whom* questions.

► How do you think the Soviet Union will change by the year 2000? Will it become more or less like the United States?

► Now that we've reached the end of the course, what would you say the author's economic values are?

► Which of your own values conflict with the author's?

► How successfully did the author distinguish between facts and his opinions? Which readings do you think were particularly worthwhile? Which do you think were not very worthwhile? If you could make changes in the textbook, what changes would you make?

Allow discussion, again stressing the *what, how, and for whom* questions.

Students might cite a belief in economic stability, economic growth for most societies, the effectiveness of individual incentive, an important role for government in the economy, etc.

Some students probably disagree with the author's advocacy of an important role for government in the American economy. Others may raise different points.

The general editor welcomes comments on the readings from both teachers and students. He encourages teachers to summarize their students' comments, to add their own, and to send both to:

Edwin Fenton, General Editor
Holt Social Studies Curriculum
Holt, Rinehart and Winston, Inc.
383 Madison Avenue
New York, New York 10017

Appendix

Reading 1

Class Handout 1

An uncle leaves you \$100, which you may spend as you wish among the items listed below. Number your choices in order of preference.

_____ FM radio (\$30)

_____ subscription to a magazine (\$10)

_____ two tickets to a baseball, hockey, or basketball game (\$10)

_____ five records (\$20)

_____ new dress or sports jacket (\$30)

_____ savings account deposit (up to \$100)

_____ two theater tickets (\$10)

_____ contribution to a civil rights organization (up to \$100)

_____ twelve paperback books (\$20)

_____ five horseback riding, tennis, or skiing lessons (\$30)


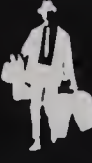
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Transparency 1

CASE 1:	A high-scoring professional basketball forward wants a higher salary for the next season. The choice: Appeal to the fairness and generosity of the team owner, or try to persuade his teammates to form a labor union in order to demand higher pay for all.
CASE 2:	To its surprise, a city finds that it has money left after all its planned expenditures have been made for the year. The choice: Cut taxes, or build five small playgrounds in poverty areas.
CASE 3:	A company has six factories in different cities. Five make a 6 per cent profit. The sixth makes only a 2 per cent profit. The choice: Keep the sixth factory operating because it provides local residents with jobs, or sell it and use the proceeds to make the other five factories still more profitable.

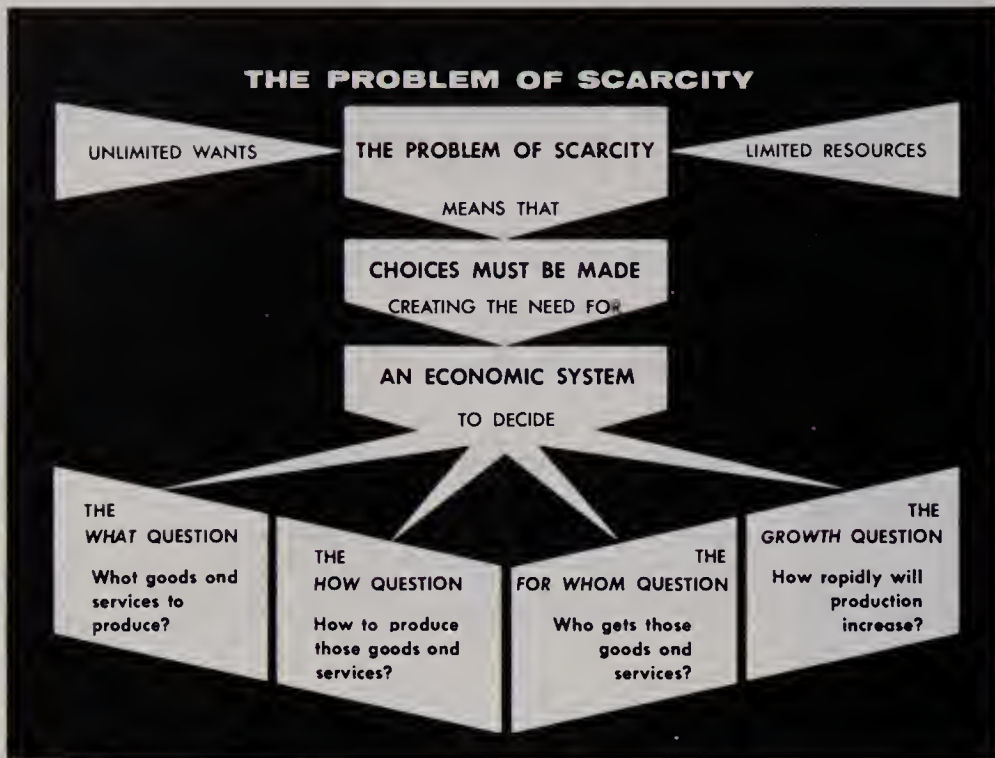
Reading 2

Transparency 2

		
	KWAKIUTL	UNITED STATES
values		
means		
effect on economic growth		

Reading 5

Transparency 5



Class Handout 2

Scarcity and Choices: An Example

A city has \$600,000 left in its treasury. Among the many things the city needs to have done, three are particularly pressing. Ten streets are in serious disrepair; each will cost \$60,000 to repave. Some of the cages and the roof of the zoo are dilapidated; it will cost \$300,000 to make all of these repairs. Ten bridges need painting, each at a cost of \$10,000.

Your group is to act as consultants to the city council to help the members plan how to spend the available \$600,000. List your choices below, in the left-hand column. In the right-hand column, indicate the costs by listing what cannot be done. Your teacher will ask the chairman of your group to report your recommendations to the class.

CHOICES (What is to be done)	COSTS (What cannot be done)

Reading 9

Class Handout 3

Resources in the Arctic

You are going to hear a play about four men whose airplane crashes in the Arctic. They must either use the resources they find there, or die of cold and starvation. The play is divided into two acts. You may take brief notes as you listen. After each act, pause to discuss the following questions:

Act I:

1. What did Nelson think the four men had as resources? What was Arvik's judgment about the available resources?
2. What accounts for the fact that Nelson and Arvik had such different views about the available resources?
3. Which were the most important resources to the four men, the natural resources such as the snow and animals, or the human resources such as Arvik's knowledge? Would the natural resources have been useful if Arvik had not been present?

Act II:

4. What additional resources did Arvik find in Act II? How did he use them?
5. How did Arvik wish to distribute the available resources at the end of the play? Why?
6. Someone has said, "Natural resources do not exist; they become." What did he mean?

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RECORD, SIDE 1, BAND 1

SURVIVAL

You are about to hear a radio play written by Eugene S. Hallman. The play is set in northern Canada. There are four characters: Jim Nelson, a mining engineer on his first trip to the Arctic; Dr. Carter, an elderly physician on an emergency call to an Eskimo village; Arvik, an Eskimo returning home from two years in the Canadian armed forces; and Captain Stevens, the pilot of the airplane in which all four are flying. On a handout which your teacher will distribute, you will find questions to think about as you listen.

NELSON: It began one February day on a bush plane flying to Pelly Bay. I had never been into the Far North until the company sent me up to examine a property.

CARTER (*Talking over the noise of the motor*): And in spite of what this young man has told you, Nelson—the Arctic is a nasty, brutal place.

ARVIK: To the white man, Dr. Carter. Not to my people.

CARTER: You've been away, Arvik. Your two years in the army will make it look different.

ARVIK: That may be so, Dr. Carter.

NELSON: Tell me, haven't the big new developments made a change—the mines, the new defense centers?

CARTER: Ah, yes! But that's different. The white man's Arctic is something else altogether. It's insulated, tied to the outside world. The aim is to make the Arctic as much like New York or Montreal as you possibly can.

NELSON (*Laughing*): And the natives on the outside looking in?

CARTER: As always.

ARVIK: We have our life. Away from the trading posts and the camps, many live in the old way. (*Pause.*) Listen!

CARTER: Wonder what's up. Are we landing?

NELSON: Doesn't sound like — —

STEVENS (*Coming through the intercom*): Fasten your belts! Get your belts on fast! I've got to make a wheels-up landing. The escape door's on your left under the red light. Hurry!

STEVENS: Coming in! Coming in! Get ready!

CARTER: Hold on! Hold on! Here we go!

(*There is a grating of the aircraft on the ice, a jolting crash. Then dead silence.*)

NELSON: That wasn't as bad as I expected.

STEVENS (*Opening the pilot's door and calling urgently*): Let's get out of here! Quick! The left tank has split. There might be a fire. Grab what you can—blankets, clothes, parachutes, anything!

NELSON: We jumped out into the blinding midday sun and ran. A hundred yards away we lay in snow—afraid to watch and afraid not to. Great clouds of vapor hissed away from our mouths. I could feel the cold creeping into my body. And then a red curl of flame reached the gasoline. A great explosion and a sudden redness!

A part of my mind kept repeating an old army phrase: Take stock of equipment. Equipment. I could feel the matches in my pocket and the chocolate bar I had bought at the PX in Churchill. Cigarettes. My pen and pencil. And otherwise just clothes—and a batch of maps in my bag. I don't know what the others were thinking. We just lay there in our parkas, watching Arvik poking about in the smoking, twisted pieces of the plane.

ARVIK: Who wishes to hunt the shore for wood?

NELSON: It's just rock and snow. There isn't any wood.

ARVIK: Along the shore the driftwood will be there. Frozen, lying under the snow. There is always wood on this coast.

CARTER: I'll go.

ARVIK: Take Captain Stevens along with you, Doctor. Look for small drifts above the ice. Kick them. If you find wood, here is a bar from the plane's wing to pry it loose.

CARTER: Okay, okay.

ARVIK: Do not touch it with your skin—it will stick.

STEVENS: What are you going to do?

ARVIK: Jim and I will make a snow house.

CARTER: Just like that?

ARVIK: There is nothing else. We cannot live in the open. (*Pause.*) There are pieces of metal by the plane, Jim. They can make us two snow knives. Maybe they will build us a house before the sun goes.

NELSON (*He and Arvik are hacking and slicing at the frozen snow.*): How long have we got, Arvik?

ARVIK: Enough. We were lucky to find the right snow so quickly.

NELSON: *I* was lucky. You knew where to look.

ARVIK: There are many kinds of snow—one good for the sled, one good for water, one good for building. Many, many kinds.

NELSON: Am I cutting it right now?

ARVIK: No, no, Jim, the block will break. Here: You slide the steel back and forth, deeper into the drift, a little longer to save time. Now, underneath. Yes, yes. That is a better one.

NELSON: I didn't know these things were built in a spiral.

ARVIK: What is a spiral?

NELSON: You're making one. You built the bottom row in a circle—then sliced it off in a sort of climbing curve.

ARVIK: Is that wrong to you?

NELSON: No, no. It's smart engineering. All you have to do is build around until you get to the top—one continuous row.

ARVIK: We have always done it like this.

NELSON: In just over an hour Arvik built us an igloo, using the snow the cold had frozen—to keep out the cold. Without knowing geometry he constructed a perfect hemisphere, knowing the right shape to offer the wind the least resistance known to aerodynamics. The final block in the peak of the igloo was the same as the keystone any stonemason knows. And the door faced south to the sun. (*Pause.*)

Dr. Carter and Captain Stevens came back with one bleached timber between them. Soon Arvik had taken the wood into our igloo. After he had thawed an end, he started chipping and whittling at one end.

NELSON: Getting anywhere, Arvik?

ARVIK: The wood is still frozen. Where I have thawed it between my hands it is wet. The center will be dry enough for a fire—if I can split it with the knife. (*Pause.*)

ARVIK: Give me a match now. I have the wood ready.

NELSON: Here's two. That leaves forty-one, Arvik. Don't waste them. (*The match is scratched.*)

CARTER: Keep your fingers crossed.

ARVIK: Come, little chip of wood. Come, make a flame for us. Now I will fan you softly, softly.

NELSON: It's beginning to glow.

STEVENS: Blow on it. (*Stevens leans forward and blows.*)

ARVIK: Stop! Stop it, Captain Stevens!

STEVENS: I was just—

ARVIK: Now it is gone. You cannot blow a fire to life, Captain. Your breath is wet in this cold. A flame must be fanned with your mitt or a stick.

STEVENS: I'm sorry. I didn't know.

ARVIK: I will try again. (*Pause.*) Give me the larger sticks, quickly. The flame is starting to catch.

CARTER: You know, Nelson, somehow I feel I'm discovering fire for the first time.

STOP

NELSON: February the 6th. I began my journal that first night, writing clumsily with my mitts on—by the light of that spitting little fire Arvik had made for us. Outside a blizzard whirled around the igloo. I could hear Arvik, busy at something and humming an Eskimo song.

How is it coming, Arvik? Almost through?

ARVIK: It is slow. The canvas bags of the parachutes do not care if we have cold feet. They do not want to become shoes—and they fight the knife I have made. (*Pause.*) Many times I have seen my mother sewing the kamiks. She would frown at this canvas. But we have no skins to use.

CARTER: Do you need any more of my sutures?

ARVIK: No, Doctor. I have enough for the last one. (*Pause.*) If the wind falls we must hunt tomorrow.

CARTER: Hunt? With our bare hands?

ARVIK: No. Perhaps I can make a harpoon.

NELSON: What are we going to hunt for, Arvik?

ARVIK: The sea contains fish, and the bearded seal waits under the ice for a harpoon. The fox and the wolf can be killed without guns. In my country a man can kill anything if he knows the way.

NELSON: February the 7th. About dusk the snow stopped. Arvik, Stevens, and I drove holes into the four-foot ice with a steel bar from the wreckage. Then we let down our lines, and (as Arvik would say it) the black salmon welcomed a hook that was nothing more than the key from an empty ration can, bent like a pin. Tomorrow we hike up the coast.

ARVIK: Nothing is alive. Nothing is stirring yet after the storm. Our feet are silent in the new snow.

CARTER: Did you ever see such a sight, Nelson? Look at that bay—not a mark, not even a ripple in the snow.

NELSON: Be happier if we saw some animal tracks somewhere.

ARVIK: I think there will be a river beyond that ridge. Look at the clouds over there.

STEVENS: Nothing special about them, Arvik. Stratocumulus, two thousand feet.

ARVIK: Do you not see the pattern?

CARTER: What pattern?

NELSON: You mean that break where the sun's coming through?

ARVIK: Yes. The sky is sometimes a map of the land underneath. When a valley is seen above there is one below. Let us go there—we may find fresh-water ice. Maybe some live willow branches, too.

NELSON: There a few pieces of driftwood.

ARVIK: Driftwood and something else. See where the wind has blown the beach

clear of snow—that is old ice. It will give us fresh water.

CARTER: How can you tell it's old?

ARVIK: Look at it. It is blue and it shines. When you strike it, it will break like glass.

NELSON: It all looks the same to me.

ARVIK (*Laughing*): Is it possible? New ice is gray, milky. But that is old ice over there. It has hid from the sun under that cliff for many seasons. Now that the salt is gone, the water will be sweet.

STEVENS: Tell me, how did it get there?

ARVIK: Does someone ask why the sun is warm or the seas wet?

CARTER: Probably driven up by the wind, Stevens. I've seen pack ice jammed up at Pelly Bay in July.

ARVIK: I do not know. Maybe an angitut left it for us. The helping spirits know all about everyone.

NELSON: On February 9th and 10th, it stormed again, and I wrote in my journal: "Arvik is a mixture of technician and mystic, like most men. What observation can teach, he knows. What doing can prove, he accepts. Without knowing meteorology, he correlates a break in the clouds with an unseen valley. And no meteorologist would spot the old sea ice for drinking water. Without books, he preserves the past. And yet, he believes in spirits.

"We have no food now. If it stops blowing tomorrow, Arvik and I will go after seals. He has made us two harpoons—shafts from driftwood, heads from the brass case of the plane's compass, lines from the nylon cords of the parachute. We will see." (*Sound of walking in snow.*)

ARVIK: Be still! See the small rise in the snow. Something is coming up to breathe at a hole there. (*He runs through the snow.*) Quickly! Softly! (*Pause.*) Now! (*He plunges his harpoon into a pocket of water and ice.*)

NELSON: Did you get him?

ARVIK: It is too late. You have only one chance.

NELSON: It's the first hole we've found.

ARVIK: We are lucky. Now we know there are seals under this ice.

NELSON: It won't help if we don't get one.

ARVIK: You will stay here, Jim. I have scraped new snow over the hole which the seal has gnawed. The small stick is in place. If you see the stick move, drive the harpoon down with all your strength.

NELSON: I stood on the ice with my back to the wind, crouching over the hole. Arvik walked slowly in widening circles around me, probing the snow with a bent piece of wire—pausing, then going on. Time seemed to crawl as we watched the unmoving slivers of wood in the snow. It came to me that I was hunting for my life—directly—with nothing between me and this one objective. Knowing the shape of a mine shaft had no meaning in this environment. Nor the sound of a geiger counter. The hand and the spear and the eye held all the answers to survival.

ARVIK: Nelson! Nelson! We have one! Come and drink the hot blood of the seal!

STEVENS: Do you think it has stewed long enough?

CARTER: Eat slowly, Stevens. It's going to be strong.

ARVIK: What will you eat first? A flipper? A piece of the lip?

STEVENS: Anything—anything.

CARTER: For that we are about to receive, Lord, make us truly thankful. Amen.

STEVENS: Amen.

NELSON: Amen.

ARVIK: What is wrong? Does no one wish to eat?

NELSON: Grace before food, Arvik. It's a custom sometimes among us.

ARVIK: Like blowing sweet water into the seal's mouth. We do that so the dead seal will tell his brothers we gave him a drink. They live in the sea; they are always thirsty.

CARTER: Did you do it this time, Arvik?

ARVIK: Yes. On the ice, I melted snow in my mouth for the dead seal. His brothers will not avoid us.

NELSON: February the 12th. We have killed three seals now. Tomorrow we start for Pelly Bay dragging our gear on a sealskin sled. Arvik makes even the cold work for him. The runners are strips of sealskin well soaked with water and frozen rigid. We're going overland. Four men on the tundra. A hundred miles....

ARVIK (*Shouting over a howling wind*): We cannot stop here. To reach Pelly Bay with food we must not stop here.

NELSON: Carry on, Arvik.

ARVIK: Keep the slatted wood over your eyes, Stevens. Without sun, you can still go blind in the snow.

CARTER: Can't something be done about the sled? It's getting heavier all the time.

ARVIK: That will be the runners. We must renew the mud and the ice to make them run smoothly.

NELSON: February the 19th. We have come sixty miles on the way. But the meat is running out. Carter is very tired. I stumbled into a crevice and twisted a knee. A painful reward for my ignorance of snow. Three matches left. Forty miles to go.

STEVENS: Come on, Doc. On your feet. Sled's waiting for us.

CARTER: What day is it?

STEVENS: The same as yesterday; the same as tomorrow; forever and ever.

NELSON: It's the 20th, Carter. We've been on the march eight days.

CARTER: Eight days—is that all?

NELSON: That's all.

CARTER: I'm not going, Nelson. I'm going to stay behind.

NELSON: Don't be crazy. You're coming if we have to carry you.

ARVIK: No, Jim, no. He speaks the wisdom of old men among my people. My own grandfather—not as old as the doctor but going blind—he left us one night for his long sleep on the ice. Without speaking. If the young and the strong ones are to live, the old and the weak ones must die. It is the way....

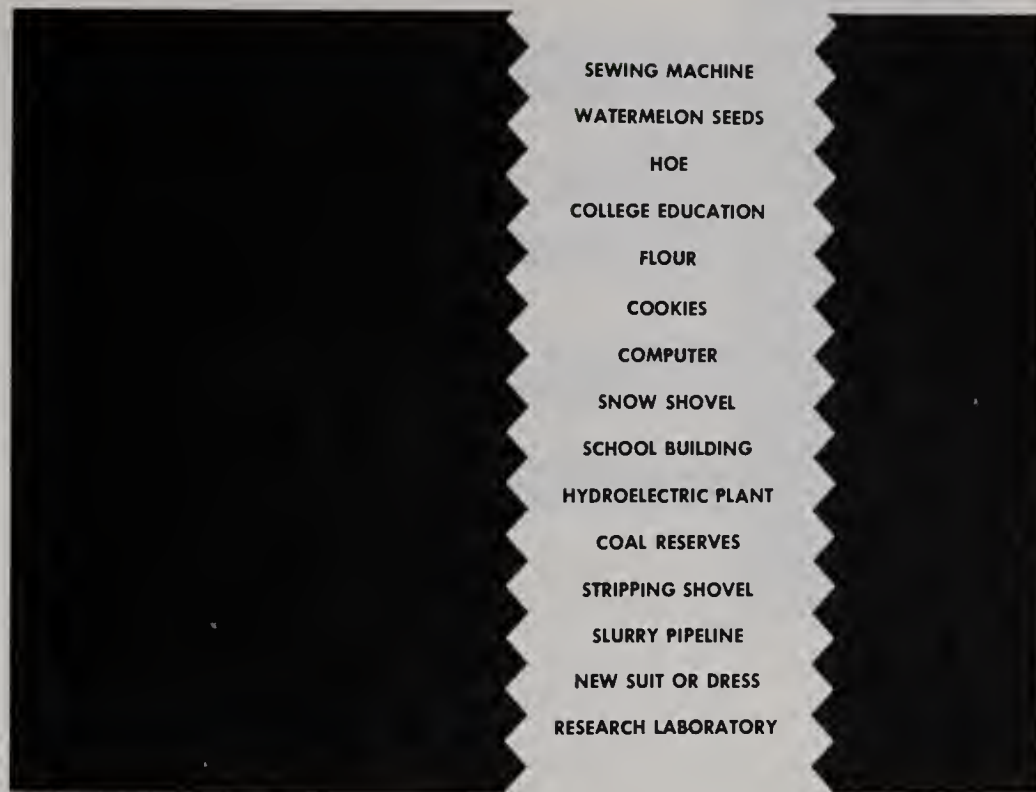
NELSON: February 22nd. This may be the last entry in the journal of James Nelson, mining engineer. Arvik and Stevens have disappeared over the last ridge of ice. And my hope goes with them toward Pelly Bay. I am alone now, without food, with my knee in the splints. I am afraid, and I keep a seal eye in my hand—for safety. What life I have left or hope to have again, I owe to Arvik—technician, mystic, man.

END OF BAND

"Survival" by Eugene S. Hallman, from *Ways of Mankind* by Walter Goldschmidt, published by The Beacon Press. Copyright 1954. Reprinted by permission of The Fund for Adult Education, 200 Bloomingdale Road, White Plains, New York.

Reading 11

Transparency 11




Reading 12


Transparency 12a

ECONOMIC VIEWS OF SOVIET LEADERS

"The only possible economic foundation of Communism is large-scale machine industry. . . ."

Lenin, 1917-1924







"The restoration of heavy industry had to be put at the base of fulfilling the Five-Year Plan. . . ."

Stalin, 1924-1953

"In setting up the material and technical basis of Communism, the decisive role is that of heavy industry. . . ."

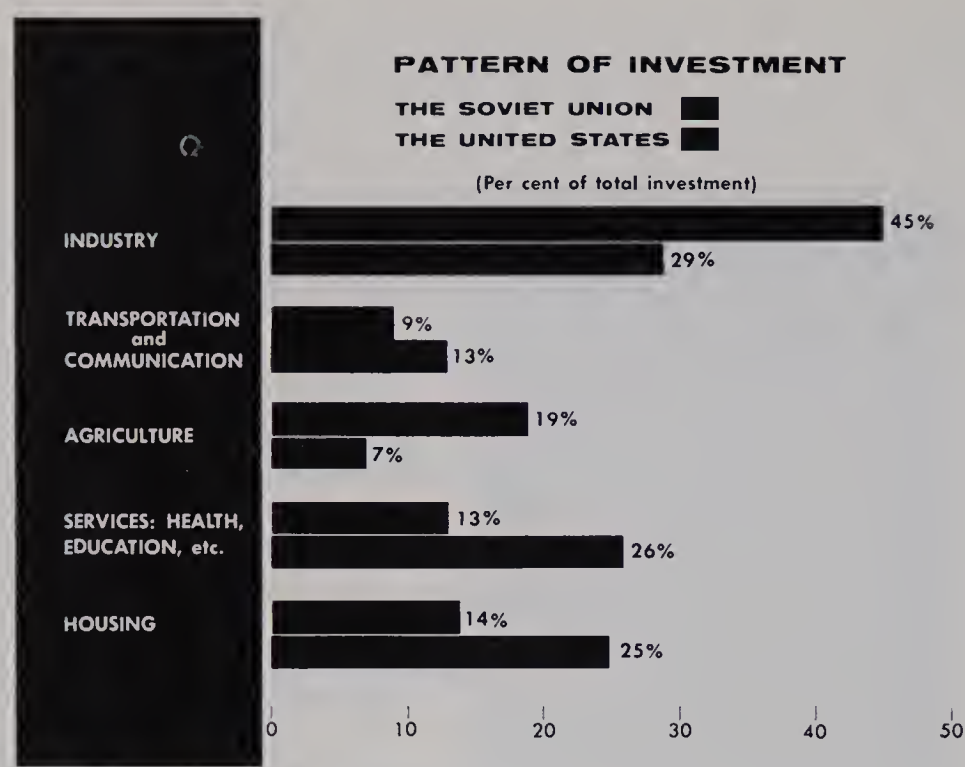
Khrushchev, 1955-1964





"The Party will continue to give priority to the development of heavy industry. . . ."

Brezhnev, 1964-



Reading 13

Class Handout 4

Writing Assignment

You are an economic planner. Your firm has been hired by a South American government to draw up the plans for developing an industrial community in a valley high in the Andes.

After a preliminary survey of natural resources, the government has decided that the valley's industry will be based on copper. The government will build a factory that will convert copper ore into copper wire. The government will also improve transportation facilities. The factory will need a total of 2,000 workers. These are to include managers, engineers, transportation experts, chemists, salesmen, foremen, skilled workers (machinists, electricians, welders), and unskilled workers (laborers, janitors). An additional 100 people will be needed to run the schools and health facilities which the government will also build.

The valley is the home of about 6,000 people. Most of the 1,500 men of working age (15-65) are peasants, who farm the land as their forefathers had done. The women do not work outside of the home, except to help with harvesting. There is one public elementary school with fifty pupils and one teacher. A single public health clinic, with two nurses, serves the valley; but most valley people rely on herbs and other traditional remedies.

Your Firm's Assignment

Develop within twenty-five years an economically successful industrial community run by the local inhabitants. (Until enough valley people are educated for the jobs, government technicians will be sent to work in the factory for three-year assignments.)

Your Assignment

First, list the work skills needed to change the valley from a traditional agricultural community into an industrial community. Second, outline how the government can best develop manpower that is educated, adequate, willing, and healthy.

Reading 18

Class Handout 5

Reading 18 discusses the law of supply and demand. You will find that three factors influence the demand for any product or service:

1. Demand depends in part upon people's tastes, which can be influenced by everything from advertising to the weather.
2. Demand depends in part upon people's income. When income drops, as during a strike or recession, people cut back on their spending.
3. Demand depends in part on the availability of substitute products or services.

You are to choose a particular product or service, and interview a person who sells it in your community. He may be a druggist, a grocer, a shoe repairman, a laundry man, a tailor, or any other merchant. Ask him if there have been fluctuations in the demand for his product or service over the past year. For example, did he sell more or less of his product or service during some months? If so, ask him what he thinks caused the fluctuations. If not, ask him why the demand remained steady. Come to class prepared to report on your findings.

Transparency 18

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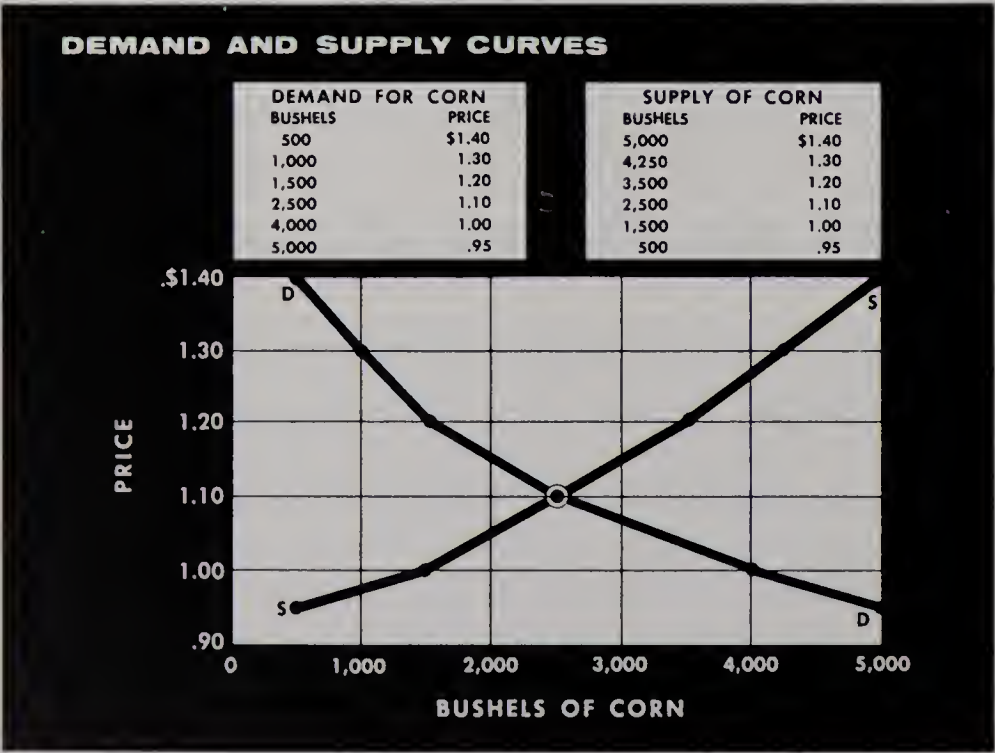
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.0262	.1116	1.11	TOTAL AMOUNT DUE
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Reading 20

Transparencies 20a and 20b



The Game of Market

Knowledge Objective

To know how buyers and sellers, each with different wishes, meet in market places to establish an equilibrium price out of the seeming chaos of trading

Method of Inquiry Objective

To be able to use data from a model to make inferences about the real world

Materials

Market game cards (in A-V kit)

Transparency (master in A-V kit; filled in facsimile on *Guide* p.150)

Class Handout, Market Game instructions (master in A-V kit; facsimile on *Guide* p.152);

Blue and red paper, straight pins (to be provided by teacher)

General Directions

If possible, move the class to a gym or lunchroom to provide plenty of space for the game. The game tends to be noisy, so warn the class next door. If the class game gets underway reasonably quickly, there may be as much as twenty-five minutes of play in a forty-minute period. Leave a few minutes at the end to stop the game and to draw everyone's attention to the story told by the scoreboard. Further discussion of the meaning of the board may have to await the next class period. You might make a drawing of the final scoreboard for distribution next day in class.

In the turmoil of the game, keep your eyes and ears open for signs of collusion among BUYERS or SELLERS. For example, if three or more BUYERS are huddling together in the midst of the game, they well may be agreeing not to pay more than a certain price. There's not much point in stopping this, but there's good teaching value in it later on.

Playing the Game

Get out the BUYERS and SELLERS cards and PROJECT MARKET GAME TRANSPARENCY. Divide the class in half as students enter the room. Appoint one student to tally prices. Tell him to enter the prices arrived at within the appropriate time columns. If a price falls within two designated ones, he should estimate about where it should be. He should not discuss prices with BUYERS and SELLERS, however.

Separate BUYERS cards from the SELLERS cards; make sure each set is well-shuffled. So that BUYERS and SELLERS will be clearly distinguished, teachers should pass out a piece of blue paper, with a capital B written on it to each BUYER, and a piece of red paper with a capital S written on it to each SELLER. Provide straight pins, and ask students to pin their badges on. Give the following four instructions which students should understand quickly since they have read them the night before:

1. Each student will receive a single BUYERS or SELLERS card. You are to keep the information on it secret.

- 2. At my signal, individual BUYERS and SELLERS are to meet to try to work out a satisfactory deal. Any BUYER may negotiate with any SELLER. You may agree on any price at all so long as it does not violate the instruction on your card. Anyone who cannot make an agreement at all after a few tries may return the card to me and get a new one.
- 3. When a BUYER and a SELLER agree on a price, you must report it to the student keeping the tally on the overhead projector. By watching the tally you will be able to follow the price trend.
- 4. Once a deal has been made and the price has been tallied, both the BUYER and the SELLER should get new cards and start all over again. I will place the used cards at the bottom of the piles.

Analyzing the Game

Here is how one board might look after the game, and how it might be used to extract lessons from the game.

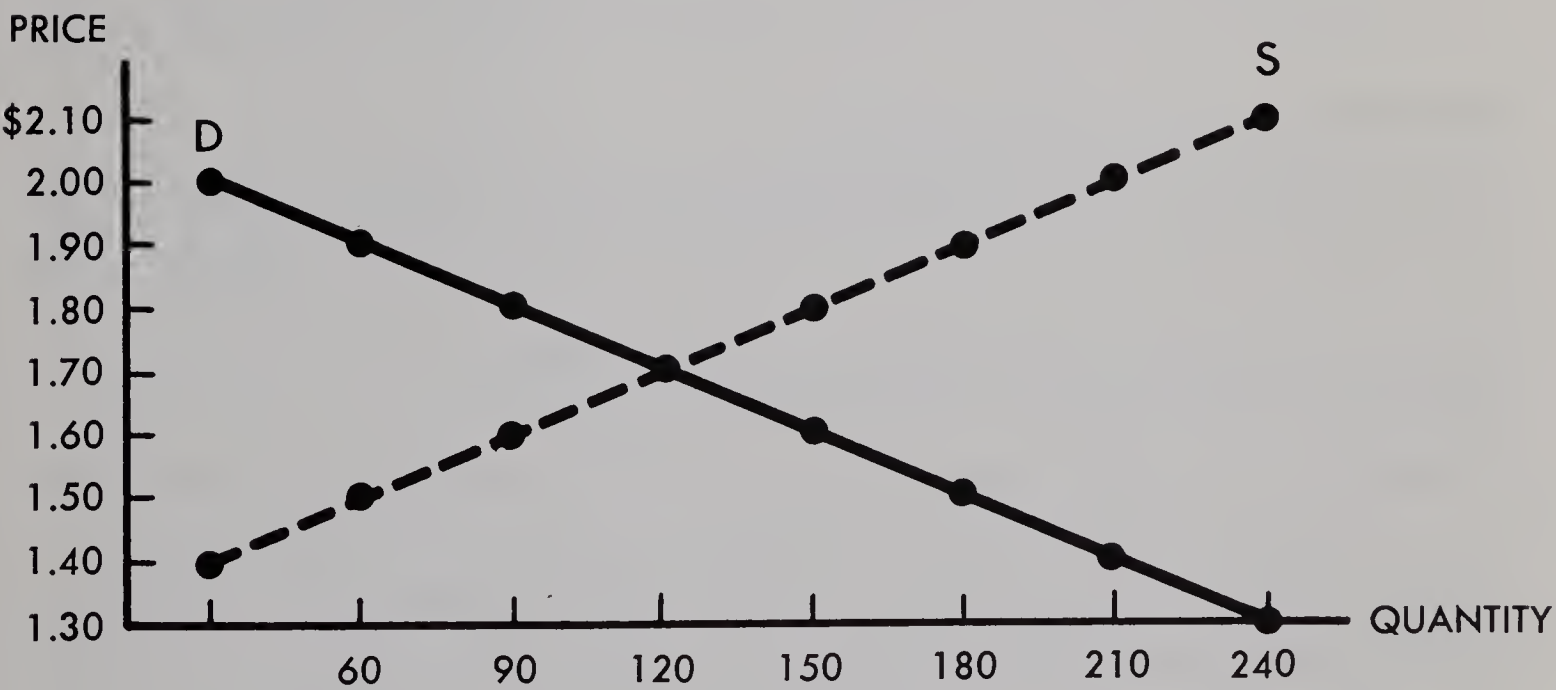
Filled-In Market Game Transparency

THE GAME OF MARKET					
TALLY BOARD					
PRICE OF THE TRANSACTION	First 5 minutes	Second 5 minutes	Third 5 minutes	Fourth 5 minutes	Fifth 5 minutes
\$2.10					
\$2.00	XX	X			
\$1.90	X	XXX	X	X ²	
\$1.80	XX	XX	XX		
\$1.70	XX	XX	X	XXXX	XX ¹
\$1.60		X	XX	XX	X
\$1.50	XX	X	X ³		
\$1.40	X				
\$1.30					

- x¹ Given the distribution of BUYERS' and SELLERS' wishes in this demonstration, the prices of most deals ought to converge on \$1.70. Those offering less to buy wheat should find more and more difficulty in buying it at all, since smart SELLERS will see plenty of their friends getting \$1.70 or more. A BUYER ready to pay as much as \$1.90, say, will be foolish to pay that when there are clearly SELLERS around who will give him wheat for \$1.70 or so.
- x² There will probably be a deal or two, late in the game, that is way off the equilibrium. Here, for example, some smart SELLER "took" some gullible BUYER.
- x³ And here a smart BUYER gained because the seller wasn't watching the board (i.e., wasn't using available market information) or just didn't care.

If you saw examples of collusion, talk about them. What did the colluders seek? Were they successful? What lessons does this suggest to them about the real world?

You can diagram the Market Game on supply and demand curves. In this way, you can make the point that the data for the diagram were all there in the marketplace and that BUYERS and SELLERS didn't need to be aware of the diagram in order to move towards an equilibrium price of \$1.70. The relevant diagram, if forty-eight cards were distributed in the Market Game, is:



(Only three SELLERS were willing to sell their thirty bushels of wheat at \$1.40; at \$1.50, three more SELLERS were willing to sell their wheat, etc.)

Class Handout

The Game of Market

To show how prices are set when buyers and sellers are completely free

1. Your teacher will divide the class into BUYERS of wheat and SELLERS of wheat. Then, your teacher will distribute one blue card to each BUYER and one red card to each SELLER. Secret instructions on the back of the BUYER cards tell the maximum price BUYERS can pay in the market for wheat:

**YOU ARE AUTHORIZED TO BUY
10 BUSHELS OF WHEAT, PAYING AS
LITTLE AS POSSIBLE, BUT NEVER PAYING
MORE THAN \$ _____ PER BUSHEL.**

Secret instructions on the back of the SELLER cards tell the minimum price at which SELLERS can sell wheat in the market:

**YOU ARE AUTHORIZED TO SELL
10 BUSHELS OF WHEAT, CHARGING AS
MUCH AS POSSIBLE, BUT NEVER SELLING
FOR LESS THAN \$ _____ PER BUSHEL.**

Do not tell anyone what your card says.

2. At your teacher's signal, BUYERS and SELLERS will begin to negotiate. Any BUYER may trade with any SELLER. They may agree on any price, so long as they do not violate the instructions on their cards. If a BUYER and SELLER cannot agree, they may each bargain with someone else. If a person is unable to make any agreement at all, he may get a new card from the teacher.

3. When a BUYER and SELLER agree on a price, they must report it to the student keeping the tally on the overhead projector.

4. Once a deal has been made and the price tallied, both the BUYER and SELLER should get new cards and start again.

5. Near the end of the period, your teacher will halt trading to analyze what has happened.

HAVE FUN. The game can be quite noisy, so try not to wake the students who usually sleep through the class next door.

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Reading 25

Transparencies 25a and 25b

PURE COMPETITION

1. Large number of producers

2. All producers marketing an identical product

3. Easy to enter the field, easy to leave

4. Absence of collusion

PURE MONOPOLY

1.

2.

3.

Reading 27

RECORD, SIDE 1, BAND 2

The steel crisis of 1962 offers a fascinating study of interplay between big business and big government. And, of course, the press had its opinions of the power interplay. First, you will hear a part of President Kennedy’s press conference on April 11.

THE PRESIDENT: Good afternoon. I have several announcements to make. The simultaneous and identical actions of United States Steel and other leading steel corporations increasing steel prices by some \$6 a ton constitute a wholly unjustifiable and irresponsible defiance of the public interest.

In this serious hour in our nation’s history when we are confronted with grave crises in Berlin and Southeast Asia, when we are devoting our energies to economic recovery and stability, when we are asking Reservists to leave their homes and families months on end and servicemen to risk their lives—and four were killed in the last two days in Vietnam—and asking union members to hold down their wage requests at a time when restraint and sacrifice are being asked of every citizen, the American people will find it hard, as I do, to accept a situation in which a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility can show such utter contempt for the interest of 185 million Americans.

If this rise in the cost of steel is imitated by the rest of the industry, instead of rescinded, it would increase the cost of homes, autos, appliances and most other items for every American family. It would increase the cost of machinery and tools to every American businessman and farmer. It would seriously handicap our efforts to prevent an inflationary spiral, from eating up the pensions of our older citizens and our new gains in purchasing power....

The facts of the matter are that there is no justification for an increase in steel prices....

Steel output per man is rising so fast that labor costs per ton of steel can actually be expected to decline in the next twelve months....

In short, at a time when they could be exploring how more efficiency and better prices could be obtained, reducing prices in this industry in recognition of lower costs, their unusually good labor contract, their foreign competition and their increase in production and profits which are coming this year, a few gigantic corporations have decided to increase prices in ruthless disregard of their public responsibility.

The Steelworkers Union can be proud that it abided by its responsibilities in this agreement. And this Government also has responsibilities which we intend to meet.

The Department of Justice and the Federal Trade Commission are examining the significance of this action in a free competitive economy.

The Department of Defense and other agencies are reviewing its impact on their policies of procurement.

And I am informed that steps are under way by those members of the Congress who plan appropriate inquiries into how these price decisions are so quickly made and reached and what legislative safeguards may be needed to protect the public interest.

Price and wage decisions in this country, except for a very limited restriction in the case of monopolies and national emergency strikes, are and ought to be freely and privately made. But the American people have a right to expect, in return for that freedom, a higher sense of business responsibility for the welfare of their country than has been shown in the last two days.

Some time ago I asked each American to consider what he would do for his country, and I asked the steel companies. In the last twenty-four hours we had their answer.

STOP 1

You will now hear some samplings, taken around the nation, of the editorial views following the President's broadcast.

New York City
The Wall Street Journal

...[T]his remarkable White House performance has nothing to do with whether a steel company's managers made a mistake. It is a political effort to make the decision appear a piece of unjustified, high-handed gouging. And there-

by promote the idea that the Government, not the marketplace, should determine the level of steel prices.

Long Island, New York
Newsday

Beyond all question, the action of the big steel companies is one of the dirtiest business tricks of the century on the President of the United States [and] on the people of the United States. The appalling ethics involved on the part of the steel companies are almost beyond belief. In this troubled era, it is unpatriotic. President Kennedy, at his news conference yesterday afternoon, spoke for the American people.

Washington, D.C.
The Post

Whatever the steel companies have achieved, they have gained at great cost to the American people and to American business. The steel price increase will be widely felt. Unless it is absorbed by the industries using steel, prices will go up for many products. The Administration must now see whether there remains some way of reversing the price increase, although the prospects seem poor.

Chicago
The Sun-Times

It is politically popular to decry corporation price increases but not worker cost increases. A reading of the reasons given for the price boost certainly show[s] that it is not an arbitrary or greedy action. Employment costs have been raised seven times in more than five years, but dividend rates have not been raised at all.

Oklahoma City
The Oklahoman

In a free economy management must be the final judge of its own necessities. If politicians insist on inflating industry's costs they must acknowledge the consequences in terms of rising prices. Otherwise they threaten to destroy the free enterprise system.

STOP 2

Finally, a week after the steel crisis was resolved, *Time* magazine reported on the incident. Following are some excerpts from the *Time* article.

Big Steel's basic problem was one that struck a responsive chord in the heart of many a U.S. businessman. For four years, argued U.S. Steel Chairman Roger Blough, his company's production and labor costs have been inching up, but its prices have increased not at all—partly because American steel has been meeting increasing competition from lower-cost foreign steel and domestic steel substitutes, such as aluminum, concrete, and plastics.

Against this, President Kennedy argued that steel's bill for raw materials is cheaper now than in 1958; iron ore has remained level, while coal and steel scrap have dropped sharply. More important, the President declared that the productivity of steel workers has risen enough so that the labor costs of producing a ton

of steel have not increased since 1958, and will actually slip a bit this year.

...[T]he prime reason for Big Steel's smaller profits last year was a \$362 million drop in sales because of poor demand. Even though the steel industry has learned to earn some profit while operating as low as 50% capacity, it contends that it needs far higher profits than other manufacturing industries to support its uncommonly high capital investment. And it can show such high profits only when demand is so brisk that plants operate at close to full blast.

...The industry has never again matched 1955's peak production of 117 million tons; technological changes and steel price increases have induced many former steel users to shift to steel substitutes. In the past five years, per-capita steel consumption in the U.S. has dropped from one-half ton to about one-third ton....

In this kind of market, a further increase in prices would almost certainly have impelled more steel users to shift to substitute materials—or to foreign steel. Even had the price rise stuck, Wall Streeters estimated that U.S. Steel would have at best gained \$60 million in after-tax earnings—only half of its decline in earnings from 1960 to 1961, and much less than it figured it needed for modernization.

...One obvious alternative would have been quietly spaced-out rises, on individual types of steel as demand for them permitted. At his press conference, Blough conceded that Big Steel had considered and rejected such a course..... In retrospect, most steelmen agree that such a course would have had the advantage of hitching prices to demand in the classic free-enterprise manner—and might have averted a collision course with the President of the [United States].

END OF BAND

“The Economics of Steel” from “State of Business” column in Time, The Weekly News Magazine, April 20, 1962. Copyright © 1962 by Time, Inc. All rights reserved. Reprinted by permission.

Reading 28

Transparency 28

PERCENTAGE OF PASSENGER AUTOMOBILES SOLD BY PRINCIPAL MANUFACTURERS					
Year	Ford	General Motors	Chrysler	Hudson, Nash, Packard, Studebaker	All Other Manufacturers
1911	19.9	17.8	—	15.4	46.9
1913	39.5	12.1	—	9.5	38.9
1915	38.2	10.9	—	6.5	44.4
1917	42.5	11.2	—	4.3	42.0
1919	40.1	20.8	—	6.4	32.7
1921	55.7	12.7	—	7.9	23.7
1923	46.1	20.2	—	8.5	25.2
1925	40.0	20.0	3.6	13.8	22.6
1927	9.3	43.5	6.2	18.8	22.2
1929	31.3	32.3	8.2	12.3	15.9
1931	24.9	43.9	12.4	8.1	10.7

Reading 29

Class Handout 6

Group Reports

In the writing assignment for Reading 13, you tried to work out the labor needs for developing an industrial community in the Andes. Besides building the copper industry, the government wants to set up a model factory town to house many of the factory workers and their families. The town will have a population of about 3,500.

The government now has to decide who is to build the model town. Private builders have expressed interest, and the Minister of the Treasury wants to let the private builders do the job. He favors as much private enterprise as possible. He insists that private builders, freely competing for sales and rentals, will provide better housing. The Minister of the Interior, however, strongly disagrees. He favors public housing. The government, he believes, can best determine what kinds of housing the people will need. Private builders, he claims, will construct only shacks for the uneducated valley people. With his chief advisers in disagreement, the Prime Minister has turned to your economic planning firm for a solution.

The class has been divided into four groups. Groups I and II will prepare arguments supporting the Minister of the Treasury's position in favor of private housing. Groups III and IV will prepare arguments supporting the Minister of the Interior's position in favor of public housing. In about ten or fifteen minutes, your teacher will ask for the reports.

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Reading 31

Class Handout 7

The Facts

To make 100 more orsles, you need 50 more marthrns.
To make 50 more marthrns, you need 50 more iglons.
To make 50 more iglons, you need 50 more orsles.

The Decision

The planning Czar wakes up from his nightmare and announces that Wisteria will produce 100 more orsles next year, because they are so soft and furry. What product will be needed to produce them?

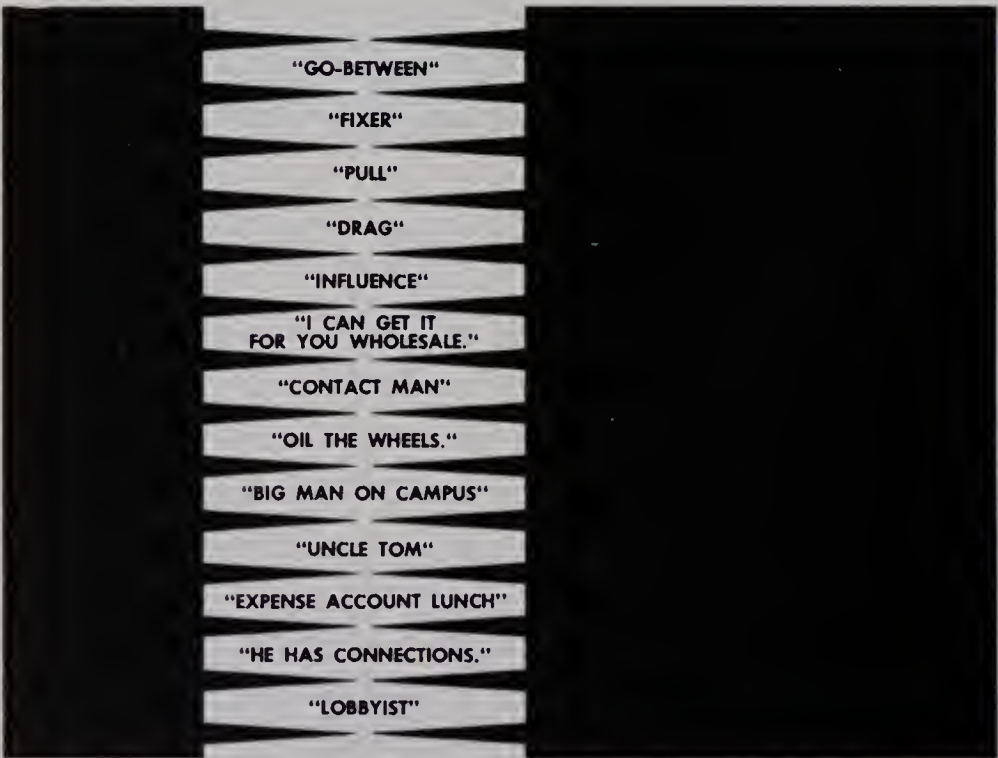
The Complications

100 orsles needs 50 marthrone needs
50 marthrone needs 50 iglone needs
50 iglone needs 50 orsles needs
50 orsles needs needs
..... needs needs

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Reading 34

Transparency 34



Reading 35

Transparency 35



Reading 38

Class Handout 8

Wage Rates in Boston and Chicago, July 1, 1965

Source: U.S. Department of Labor Bulletin No. 1488

Type of Truck	Wage Rate in Boston	Wage Rate in Chicago
Armored car	\$2.77	\$2.93
Bakery (Cooky, Cracker)	2.66	3.26
Beer	3.11	3.06
Concrete	2.63	*
Coal	2.78	*
Department store parcel	2.73	3.09
Meatpacking	2.90	*
Newspaper (afternoon)	3.38	3.25
Oil	2.86	3.41
Railway Express	2.91	3.05
Refuse disposal	2.83	*

*Comparable figures not available

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Reading 39

Transparency 39

THE MARKET FOR LABOR		
I	II	III
Wilt Chamberlain F. Lee Bailey The Supremes J. D. Salinger	school teacher domestic servant engineer nurse	farm laborer seamstress inventory clerk neighborhood grocer

Reading 41

Class Handout 9

Questions on the Three Labor Songs

“Solidarity Forever”

1. What is the message of the song? Why might it appeal to the steel workers in Homestead?
2. Why choose the tune of “The Battle Hymn of the Republic” for a labor union song?

“Joe Hill”

3. What is the message of the song?
4. What does the song say about the relationship between labor organizers and company owners?

“Union Maid”

5. What is the message of the song?
6. Judging from this song, what *was* the mood of the industrial organizers in the 1930’s?
7. Would these three songs appeal more to John Olde or to Tom Young? Why?

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You will now hear three union songs, sung by Tony McKay. Preceding each song is a short introduction.

The first song is "Solidarity Forever."

Challenging the AF of L, some radical labor leaders organized the Industrial Workers of the World in 1905. The members of this union, known as the Wobblies, hoped to organize the "downtrodden" and "dispossessed"—the unskilled workers. The Wobblies were strongest in the West, where they attracted rough and fiercely independent miners and lumberjacks, who were opposed by companies determined to crush unions. Both sides readily turned to violence. Although the Wobblies failed to organize most American workers, they gave the labor movement spirited and down-to-earth enthusiasm. Their motto was "Sing and fight!" And many Wobbly poets expressed the grievances of the workers in songs. One of the best known of these poets was Ralph Chaplin. Chaplin wrote "Solidarity Forever" in 1915. The song has long outlived the Wobblies. It is still considered the anthem of the American labor movement.

SOLIDARITY FOREVER

When the union's inspiration through worker's
 blood shall run,
There can be no power greater anywhere beneath the
 sun;
Yet what force on earth is weaker than the feeble
 strength of one,
For the union makes us strong.

Chorus:

Solidarity forever,
Solidarity forever,
Solidarity forever,
For the union makes us strong.

It is we who ploughed the prairies, built the cities
 where they trade,
Dug the mines and built the workshops, endless miles
 of railroad laid;
Now we stand outcast and starving 'mid the wonders
 we have made,
But the union makes us strong. (*Chorus*)

They have taken untold millions that they never
 toiled to earn,
But without our brain and muscle not a single
 wheel can turn;
We can break their haughty power, gain our freedom
 when we learn
That the union makes us strong. (*Chorus*)

In our hands is placed a power greater than
their hoarded gold,
Greater than the might of atoms magnified a thousandfold;
We can bring to birth a new world from the ashes of the old,
For the union makes us strong. (*Chorus*)

STOP 1

Next, you will hear “Joe Hill.”

Another leading Wobbly poet, Joe Hill, came to the United States from Sweden in 1901, when he was nineteen years old. In 1910, he joined the Wobblies. Soon he began to write labor songs and sing them at union meetings and on picket lines.

In January 1914, Hill was arrested in Salt Lake City on a murder charge. Despite protests from President Woodrow Wilson and the AF of L, Joe Hill was executed by a five-man firing squad on November 19, 1915. The day before Hill died, he sent a telegram to a Wobbly leader. It said: “Don’t waste time mourning. Organize.” That night at a protest meeting in Salt Lake City, a speaker cried out: “Joe Hill will never die!” Twenty years after his death, Earl Robinson and Alfred Hayes wrote the song “Joe Hill,” to commemorate a martyr of the labor movement.

JOE HILL

Words by Alfred Hayes

Music by Earl Robinson

I dreamed I saw Joe Hill last night,
Alive as you and me,
Says I “But Joe, you’re ten years dead”
“I never died” says he.
“I never died” says he.

“In Salt Lake Joe, by God” says I,
Him standing by my bed,
“They framed you on a murder charge,”
Says Joe, “But I ain’t dead.”
Says Joe, “But I ain’t dead.”

“The copper bosses killed you, Joe.
They shot you, Joe,” says I.
“Takes more than guns to kill a man,”
Says Joe, “I didn’t die.”
Says Joe, “I didn’t die.”

And standing there as big as life,
And smiling with his eyes,
Joe says, “What they forgot to kill
Went on to organize.
Went on to organize.”

“Joe Hill ain’t dead,” he says to me.
“Joe Hill ain’t never died.
Where workingmen are out on strike,
Joe Hill is at their side.
Joe Hill is at their side.”

“From San Diego up to Maine,
In every mine and mill
Where workers strike and organize,”
Says he, “You’ll find Joe Hill.”
Says he, “You’ll find Joe Hill.”

I dreamed I saw Joe Hill last night,
Alive as you and me.
Says I, “But Joe, you’re ten years dead.”
“I never died,” says he.
“I never died,” says he.”

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STOP 2

The last song in the series is “Union Maid.”

The words to “Union Maid” were written by Woody Guthrie and the Almanac Singers. Guthrie, one of America’s most noted folksong writers, felt that people tended to ignore the role of women in the labor movement—both as workers and as the wives of workers. It is they Guthrie immortalizes in this song, written after he had attended a union meeting in Oklahoma City in 1940. As much as any song, “Union Maid” captured the spirit of the industrial organizing drives of the 1930’s.

UNION MAID *by Woody Guthrie*

There once was a union maid,
She never was afraid
Of goons and ginks and company finks,
And the deputy sheriffs that made the raids;
She went to the union hall
When a meeting it was called,
And when the comp’ny boys came ’round,
She always stood her ground.

Chorus:

Oh, you can’t scare me,
I’m sticking to the union,
I’m sticking to the union,
I’m sticking to the union,

Oh, you can't scare me,
I'm sticking to the union,
I'm sticking to the union
'Til the day I die.

This union maid was wise
To the tricks of company spies;
She couldn't be fooled by a company stool,
She'd always organize the guys.
She'd always get her way
When she asked for better pay;
She'd show her card to the company guard,
And this is what she'd say. (*Chorus*)

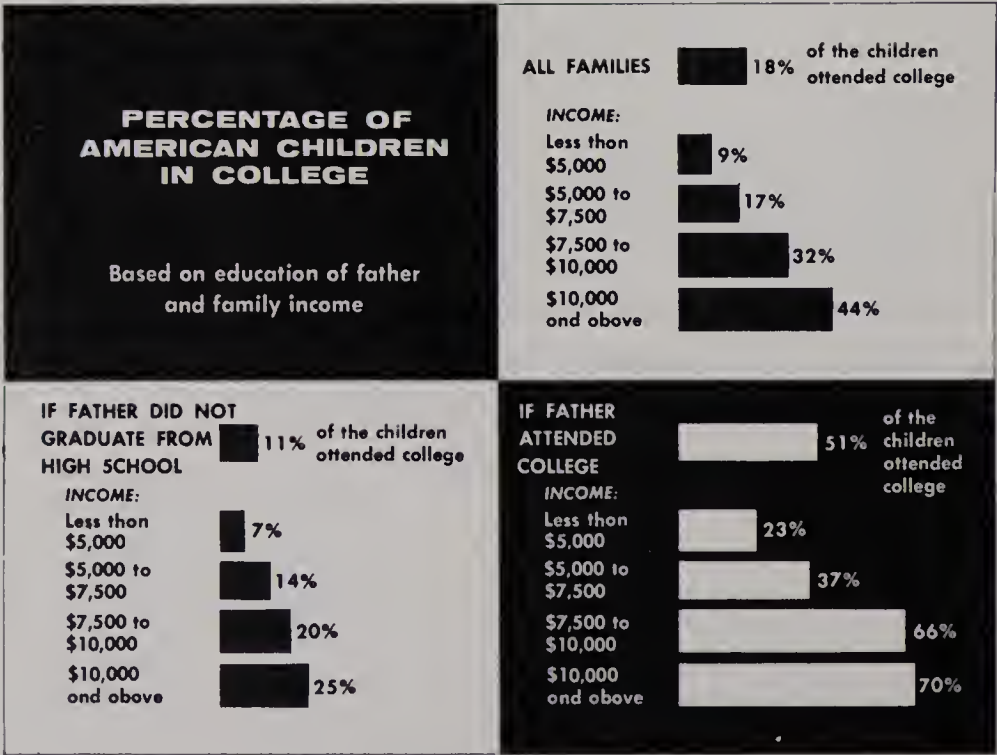
Now, you gals who want to be free,
Just take a little tip from me;
Get you a man who's a union man,
And fight together for liberty;
Married life ain't hard
When you got a union card,
And a union man leads a happy life
When he's got a union wife. (*Chorus*)

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END OF BAND

Reading 43

Transparency 43



Reading 50

Class Handout 10

Sources of Economic Growth in the United States: 1909-1957

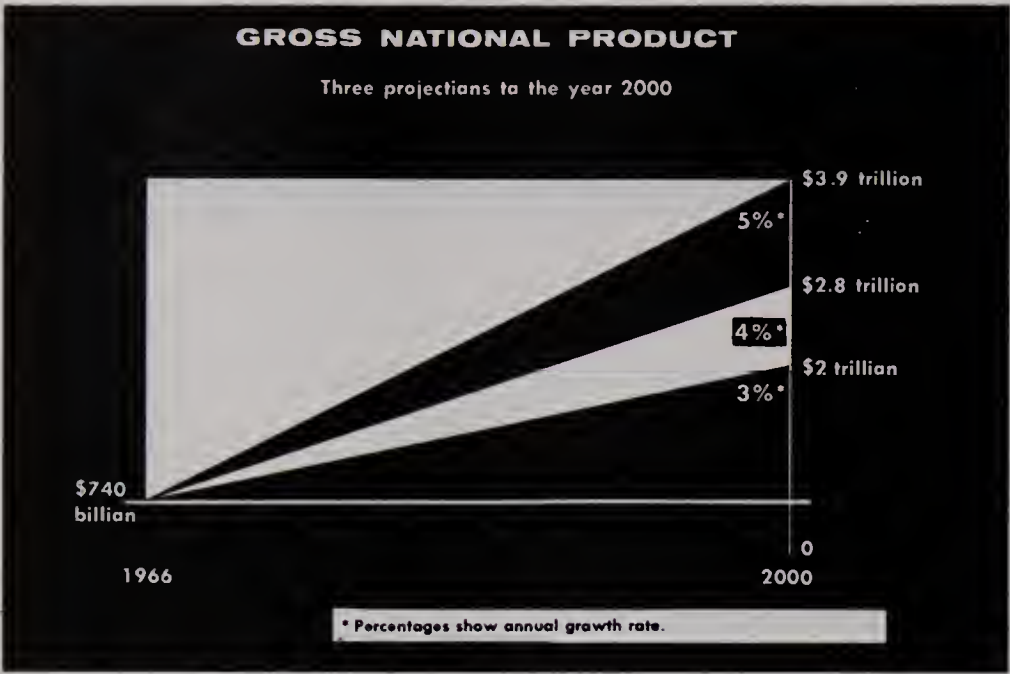
In a developed economy, four major steps can produce economic growth: (1) put more people to work; (2) improve the quality of the existing labor force; (3) produce a greater quantity of capital goods; and (4) improve the quality of capital goods. Economists have found that these four steps are not always of equal importance. One bold economist has approximated the percentages of growth for which each of the four major steps were responsible in the United States from 1909 to 1929 and from 1929 to 1957. His precise figures are open to dispute; but the general conclusions that can be drawn from the statistics are accepted by most economists. Here are the figures:

Source	1909-1929	1929-1957
% of growth from an increase in the labor force	39	27
% of growth from improved education and training	13	27
% of growth from an increased stock of capital goods	26	15
% of growth from improved technology	12	20
% of growth from all other sources	10	11
Total growth in national income	100	100

Questions on the chart:

1. Which two sources of growth were most important from 1909 to 1929?
2. Which two sources were most important from 1929 to 1957?
3. Why do you think this shift occurred?

Transparency 50a



Transparency 50b



Reading 51

Class Handout 11

Figuring GNP

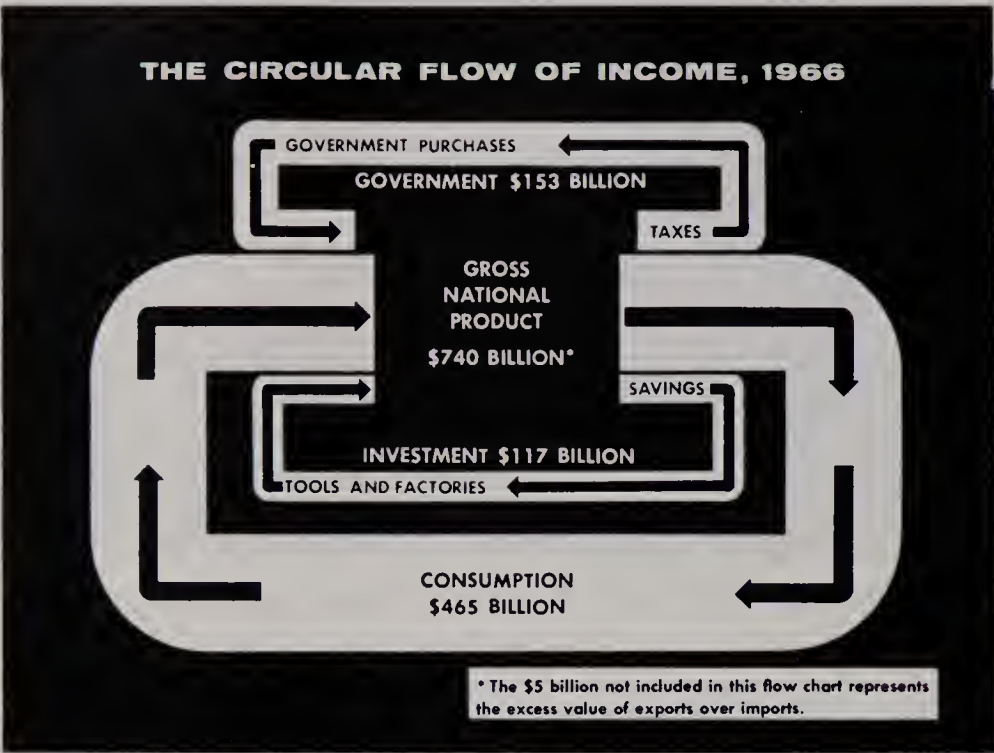
Gross National Product is a nation's annual production of goods and services valued in terms of their market prices. This handout will help you to learn more about GNP. You will concentrate on only one question:

If you were figuring GNP, which of the following items would you include?

1. The price of iron ore made into steel which is made into automobiles.
2. The price of steel made into automobiles?
3. The price of automobiles.
4. The price of iron ore mined during the year but not manufactured into iron or steel.
5. The price of a lathe manufactured during the year, which is used to produce automobiles.
6. The price of a factory that manufactures clothing.
7. The salary of the President of the United States.
8. The price of a new four-lane highway built jointly by the state governments and the national government.
9. The salaries of the nation's teachers.

Reading 52-54

Transparencies 52-54



Reading 57

Transparency 57



Reading 58

RECORD, SIDE 2, BAND 2

Many books recently written about the Soviet Union have attempted to show how the lives of the ordinary people have been affected by the nation's command economy. You will now hear excerpts from two of these books. The first selection is taken from the opening pages of the book entitled *Russia*, by Harrison E. Salisbury. Salisbury was the Moscow correspondent for *The New York Times* between 1949 and 1954. He has since traveled extensively through the Soviet Union and is now the assistant managing editor of the *Times*.

It was after midnight. Across the table sat a Russian officer in stained field coat, his face gray with fatigue, his sheepskin cap pushed back. Wind whistled into the hotel room through a shattered window.

The year was 1944. The place was Odessa, on the Black Sea. We had just arrived after 20 hours in an open truck, lumbering across the endless mud of the Ukraine with the Red Army. The Nazis had fled the city only the day before....

Major Rykov was tired but talkative. He had fought all through the war. Three times he had been wounded, and now, with victory in sight, he was looking toward the days of peace, which could not be far distant. His talk was not of the Communist Manifesto or International Revolution. It was of home, family, the comforts of life.

"Perhaps...you wonder what Russia will be like when the war is over. We Red Army men have had lots of time to think about this question. We are not going to be satisfied with what we had in the past. You may think of us as Communists and revolutionaries. Well, we are human beings as well. We have seen our comrades die. We know that we, too, may die before it is over....

"In the West your life is pleasant and easy.... We don't see why our life can't be like that too. We made a revolution in 1917 to make things better, not worse. Since then we have sacrificed one generation after another. We have known nothing but hardship. Now we want to live."

I don't know what happened to Major Rykov. I never saw him again after that night in Odessa. Perhaps he did not live to see the war end in 1945.

In the postwar years I was a correspondent in Moscow. I watched as Stalin imposed harsher and yet more harsh conditions on the people. Each year life grew more grim. I often thought as I watched the Russians, weary, worn and dispirited, of Major Rykov and his dream of better and easier times that would be filled with the good things we know in the West.

The major's dream and that of his generation of Russians splintered on the hard rock of Stalin's insistence on transforming the Soviet Union into a nuclear-rocket military power equal to or superior to the West.

The clash between the aspirations of the people for a better life and the insistence of their rulers on building a powerful state, regardless of human sacrifice, runs through the whole of Russian history. It was true under the Czars. It continues true under the Communists. It lies at the heart of the problems of the post-Khrushchev USSR.

From Chapter I of *Russia* by Harrison Salisbury (New York: Atheneum Publishers, 1965). Copyright © 1965 by the New York Times Company. Reprinted by permission of the author and Antheneum Publishers.

STOP 1

The final selections are taken from John Gunther’s *Inside Russia Today*. Gunther is well known for the brief but comprehensive descriptions of foreign countries he has presented in his many books.

Protests and complaints...are incessant and vociferous in the USSR. Here are a few culled from the Soviet press, out of literally thousands available. Can Russians yell!

<i>Author of Complaint</i> Official of Highway Division No. 17, Semipalatinsk	<i>Object</i> Not enough snowsweepers, trucks and tractors.
<i>Author of Complaint</i> Art student, Moscow	<i>Object</i> Inferior quality of clay in sculp- ture class.
<i>Author of Complaint</i> Deputy from Estonia to Supreme Soviet	<i>Object</i> Pitchforks and spades received from Gorky so inferior as to be useless.
<i>Author of Complaint</i> Topographer, Leningrad	<i>Object</i> No time to go to movies or enjoy life. (But perhaps I do not know what real life is.)
<i>Author of Complaint</i> City officials, Yalta	<i>Object</i> Medicine in short supply.

Author of Complaint

Letter writer, *Sovetskaya Pechat*

Object

Journalist was sent from Moscow to study at an institution in Alma-Ata which did not exist.

Author of Complaint

Writer in *Literaturnaya Gazeta*

Object

Splendid airplanes like TU-104; no power-driven armchairs for invalids.

STOP 2

Here is Gunther's own analysis of the economic conditions in the Soviet Union today.

Prices are fantastic. It is difficult to calculate what the ruble means to a Russian, but even so the cost of most commodities is outlandish, and there are astounding discrepancies among values. An American jazz record can fetch 40 rubles (\$44) on the black market, and this is also the price of a pretty good radio. An automobile does not cost more than about a dozen times the price of a pair of shoes. Crazy! But again qualification is necessary. All luxuries are high, also clothes, but in general staple foods are comparatively cheap, as are items in culture—books and records. Household appliances, of mediocre quality, are not too expensive. Personal services are cheap—haircuts, permanent waves, and the like. When I was there you could get your hair cut for a ruble. And GUM had a machine which, when you put ten kopecks in a slot, squirted out perfume. Sometimes peasants came in, took their hats off, and put in one coin after another until their hair was doused. Incidentally, one story going around Moscow was that a perfume named for Stalin's daughter, Svetlana, and known as "Svetlana's Breath," would be renamed "Moscow Nights."...

How, considering prices, do people in Moscow live? The answer is that the majority lives poorly by our standards, very poorly indeed, but some special factors have to be considered. (1) Practically all women in Russia work, and hence most families have two earners. (2) Russians do not pay nearly so much as do citizens of Western countries for basic services, like rent, and taxes are very light. The highest bracket in the Russian income tax is 13 per cent; most people pay only 5 per cent. Rent is calculated on the amount of space occupied, and usually comes to less than 4 per cent of income; the average rent of a small apartment in Moscow does not exceed the equivalent of \$6.50 a month. Trade-union fees are 1 per cent of salary, and utilities are relatively inexpensive. Our interpreter paid 50 old rubles a month rent, 25 for telephone, 15 for electricity and from 6 to 10 for gas. Her total expenditure in these basic categories was thus no more than \$11 per month, including rent.

Then too medical and dental care is free. But, if you choose, you may go beyond the regular medical panel and consult a professor or specialist on your own, in which case you pay a fee. Holidays are cheap, and you are guaranteed employment until retirement. Sickness and accident benefits are in force, and your old age is automatically taken care of. Above all, education for your children is scot-free.

END OF BAND

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Reading 59

Class Handout 12

Which Economy Is Best? — Discussion Questions

Group I: What are the major explicit and implicit values of each speaker? Give evidence for your answers.

Anderson
Rozanov
Ishwar

Group II: On what issues do the following sets of people agree? Give evidence for your answers.

Anderson and Rozanov
Anderson and Ishwar
Ishwar and Rozanov

Group III: On what issues do the following sets of people disagree? Give evidence for your answers.

Anderson and Rozanov
Anderson and Ishwar
Ishwar and Rozanov

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Answer Key to Tests for Comparative Economic Systems

Suggestions for the use of the tests appear on pages xiii and xiv of this *Guide*.

Unit One	Unit Two	Unit Three	Unit Four
1 b	1 c	1 d	1 d
2 c	2 c	2 d	2 d
3 b	3 d	3 c	3 a
4 b	4 b	4 c	4 c
5 a	5 c	5 b	5 b
6 c	6 b	6 c	6 b
7 d	7 d	7 a	7 c
8 a	8 a	8 d	8 c
9 b	9 c	9 a	9 b
10 b	10 b	10 c	10 c

Unit Five	Unit Six	Final Exam
1 a	1 c	1 a 11 c 21 a
2 b	2 c	2 c 12 d 22 b
3 c	3 a	3 b 13 c 23 d
4 c	4 b	4 b 14 d 24 d
5 d	5 d	5 a 15 c 25 a
6 b	6 d	6 c 16 d
7 c	7 a	7 a 17 b
8 d	8 c	8 d 18 c
9 d	9 b	9 a 19 c
10 b	10 d	10 c 20 b

Date Due

EDUC DEC 1 '76	JUN 2	RETURN
DEC 5	RETURN	
	MAR 21	RETURN
	RETURN	OCT 24 '81
EDUC JAN 19 '78		
JAN 9 -	RETURN	
EDUC FEB 17 '76		
EDUC FEB 25 '76	R	
FEB 24	RETURN	
EDUC MAR 5 '78		
MAR 5 -	RETURN	
EDUC APR 20 '76		
APR 14	RETURN	
EDUC MAY 11 '77		
MAY 12	RETURN	
EDUC MAY 21 '77		
EDUC JUN 2 '77	R	

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